

104TH CONGRESS
2D SESSION

H. R. 3612

To reform the Nation's welfare system by requiring work and demanding personal responsibility.

IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 1996

Mr. GIBBONS (for himself, Mr. McDERMOTT, Mr. MATSUI, Mr. CARDIN, and Mr. LEWIS of Georgia) introduced the following bill; which was referred to the Committees on Agriculture, Banking and Financial Services, Economic and Educational Opportunities, the Judiciary, Commerce, the Budget, National Security, International Relations, and Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To reform the Nation's welfare system by requiring work and demanding personal responsibility.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Work First and Per-
5 sonal Responsibility Act of 1996”.

1 **SEC. 2. TABLE OF CONTENTS; AMENDMENT OF THE SOCIAL**
 2 **SECURITY ACT.**

3 (a) TABLE OF CONTENTS.—This Act is organized as
 4 follows:

Section 1. Short title.

Sec. 2. Table of contents; amendment of the Social Security Act.

TITLE I—WORK-BASED ASSISTANCE

Sec. 101. Purpose.

Subtitle A—Temporary Employment Assistance

Sec. 102. State plan.

Sec. 103. Conforming amendments relating to collection of overpayments.

Sec. 104. Territories.

Sec. 105. Effective dates.

Subtitle B—Make Work Pay

Sec. 111. Transitional medicaid benefits.

Sec. 112. Notice of availability required to be provided to applicants and former recipients of temporary employment assistance, food stamps, and medicaid.

Sec. 113. Advance payment of earned income tax credit through State demonstration programs.

Sec. 114. Consolidated child care development block grant.

Sec. 115. Effective dates.

Subtitle C—Work First

Sec. 121. Work First program.

Sec. 122. Regulations.

Sec. 123. Applicability to States.

Sec. 124. One time increases in Work First program funds.

Subtitle D—Pregnancy and Family Stability

Sec. 131. Supervised living arrangements for minors.

Sec. 132. National Clearinghouse on Adolescent Pregnancy.

Sec. 133. Required completion of high school or other training for teenage parents.

Sec. 134. Second chance homes.

TITLE II—CHILD SUPPORT ENFORCEMENT

Subtitle A—Eligibility for Services; Distribution of Payments

Sec. 201. State obligation to provide child support enforcement services.

Sec. 202. Distribution of payments.

Sec. 203. Privacy safeguards.

Sec. 204. Rights to notification.

Subtitle B—Locate and Case Tracking

- Sec. 211. State case registry.
- Sec. 212. Collection and disbursement of support payments.
- Sec. 213. State directory of new hires.
- Sec. 214. Amendments concerning income withholding.
- Sec. 215. Locator information from interstate networks.
- Sec. 216. Expansion of the Federal parent locator service.
- Sec. 217. Collection and use of social security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 221. Adoption of uniform State laws.
- Sec. 222. Improvements to full faith and credit for child support orders.
- Sec. 223. Administrative enforcement in interstate cases.
- Sec. 224. Use of forms in interstate enforcement.
- Sec. 225. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

- Sec. 231. State laws concerning paternity establishment.
- Sec. 232. Outreach for voluntary paternity establishment.
- Sec. 233. Cooperation requirement and good cause exception.

Subtitle E—Program Administration and Funding

- Sec. 241. Performance-based incentives and penalties.
- Sec. 242. Federal and State reviews and audits.
- Sec. 243. Required reporting procedures.
- Sec. 244. Automated data processing requirements.
- Sec. 245. Technical assistance.
- Sec. 246. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

- Sec. 251. Simplified process for review and adjustment of child support orders.
- Sec. 252. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 253. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

- Sec. 261. Internal Revenue Service collection of arrearages.
- Sec. 262. Authority to collect support from Federal employees.
- Sec. 263. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 264. Voiding of fraudulent transfers.
- Sec. 265. Work requirement for persons owing past-due child support.
- Sec. 266. Definition of support order.
- Sec. 267. Reporting arrearages to credit bureaus.
- Sec. 268. Liens.
- Sec. 269. State law authorizing suspension of licenses.
- Sec. 270. Denial of passports for nonpayment of child support.
- Sec. 271. International child support enforcement.
- Sec. 272. Financial institution data matches.

- Sec. 273. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
- Sec. 274. Nondischargeability in bankruptcy of certain debts for the support of a child.

Subtitle H—Medical Support

- Sec. 276. Correction to ERISA definition of medical child support order.
- Sec. 277. Enforcement of orders for health care coverage.

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

- Sec. 281. Grants to States for access and visitation programs.

Subtitle J—Effect of Enactment

- Sec. 291. Effective dates.

TITLE III—FOOD ASSISTANCE

Subtitle A—Food Stamps

- Sec. 301. Short Title.

PART 1—BUDGETARY PROPOSALS

- Sec. 311. Include children under 22 years old in their parents' households.
- Sec. 312. Use the cost of the thrifty food plan for allotment adjustments.
- Sec. 313. Lower age for excluding students' earnings.
- Sec. 314. Count governmental energy assistance as income.
- Sec. 315. Reduce the standard deduction.
- Sec. 316. Provide a State option to mandate use of standard utility allowances.
- Sec. 317. Revise indexation of vehicle asset limitation.
- Sec. 318. Count vendor payments for transitional housing as income.
- Sec. 319. Strengthen penalties for noncompliance with work requirements.
- Sec. 320. Provide a State option to require cooperation with child support enforcement agencies.
- Sec. 321. Provide for disqualification for receipt of multiple food stamp benefits.
- Sec. 322. Establish additional work requirement.
- Sec. 323. Establish comparable treatment for disqualification.
- Sec. 324. Repeal minimum benefit adjustments.
- Sec. 325. Prorate benefits on recertification.
- Sec. 326. Prohibit allotment increases for penalties under other welfare and public assistance programs.
- Sec. 327. Permit States to determine most useful and reliable means of verification.
- Sec. 328. Expand claims collection methods.
- Sec. 329. Authorize States to operate simplified food stamp programs.
- Sec. 330. Reauthorize appropriations for the food stamp program.

PART 2—NONBUDGETARY PROPOSALS

- Sec. 341. Expand definition of coupon.
- Sec. 342. Clarify definition of homeless individual.
- Sec. 343. Provide State option for eligibility standards.
- Sec. 344. Double penalties for violating food stamp program requirements.
- Sec. 345. Provide State option to lower age of caretaker exemption.

- Sec. 346. Revise employment and training.
- Sec. 347. Disqualify fleeing felons.
- Sec. 348. Encourage electronic benefit transfer systems.
- Sec. 349. Authorize exchange of law enforcement information.
- Sec. 350. Simplify administration of expedited service.

PART 3—ADMINISTRATIVE FLEXIBILITY PROPOSALS

- Sec. 361. Expand State authority to define certification period.
- Sec. 362. Provide State option to combine allotments for expedited service households.
- Sec. 363. Revise treatment of allotments for households residing in centers.
- Sec. 364. Improve operation of food stamp offices.
- Sec. 365. Delete Federal requirement for State employee training.
- Sec. 366. Authorize oral withdrawal of fair hearing requests.
- Sec. 367. Delete redundant Federal standards for administration.

PART 4—PROPOSALS FOR STRENGTHENING RETAILER MANAGEMENT

- Sec. 371. Provide authority to establish authorization periods.
- Sec. 372. Provide authority to requirement information for verifying eligibility for authorization.
- Sec. 373. Establish waiting period for stores that initially fail to meet authorization criteria.
- Sec. 374. Disqualify retailers who intentionally submit falsified applications.
- Sec. 375. Disqualify retailers who are disqualified under the WIC program.
- Sec. 376. Authorize suspension of stores violating program requirements pending administrative and judicial review.
- Sec. 377. Expand civil and criminal forfeiture for violations of the Food Stamp Act.
- Sec. 378. Expand authority for sharing information provided by retail food stores and wholesale food concerns.

PART 5—CONFORMING AMENDMENTS AND EFFECTIVE DATES

- Sec. 381. Conforming amendments.
- Sec. 382. Effective dates.

Subtitle B—Child Nutrition

- Sec. 391. Family or group day care homes.
- Sec. 392. Reimbursement rate adjustments.
- Sec. 393. Elimination of start-up and expansion grants.
- Sec. 394. Authorization of appropriations.
- Sec. 395. Direct Federal expenditures.

TITLE IV—TREATMENT OF ALIENS

- Sec. 401. Uniform alien eligibility criteria for public assistance programs.
- Sec. 402. Deeming of sponsor's income and resources to alien under TEA, SSI, and food stamp programs.
- Sec. 403. Continued liability of alien and sponsor for overpayments.
- Sec. 404. Requirements for sponsor's affidavit of support.

TITLE V—SUPPLEMENTAL SECURITY INCOME REFORMS

- Sec. 501. Definition and eligibility rules.
- Sec. 502. Eligibility redeterminations and continuing disability reviews.

- Sec. 503. Dedicated savings accounts.
- Sec. 504. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.
- Sec. 505. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
- Sec. 506. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 507. Allowance under the discretionary spending limits for increased expenditures for continuing disability reviews and disability eligibility redeterminations.
- Sec. 508. Installment payment of large past-due Supplemental Security Income benefits.
- Sec. 509. Recovery of Supplemental Security Income overpayments from Social Security benefits.
- Sec. 510. Allowance under the discretionary spending limits for administrative expenses to implement changes to Supplemental Security Income program.
- Sec. 511. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by medical insurance.

TITLE VI—SOCIAL SERVICES BLOCK GRANTS

- Sec. 601. Reduction in title XX block grants to States for social services.

1 (b) REFERENCES.—Except as otherwise expressly
 2 provided, wherever in this Act an amendment or repeal
 3 is expressed in terms of an amendment to, or repeal of,
 4 a section or other provision, the reference is considered
 5 to be made to a section or other provision of the Social
 6 Security Act.

7 **TITLE I—WORK-BASED** 8 **ASSISTANCE**

9 **SEC. 101. PURPOSE.**

10 The primary purpose of this title is to provide true
 11 welfare reform by repealing the program of Aid to Families
 12 with Dependent Children and replacing it with a new
 13 time-limited, conditional benefit based on work. Subtitle
 14 A of this title creates the Temporary Employment Assist-

1 ance program which requires welfare recipients to work,
 2 supports and protects their children, and gives States
 3 broad new flexibility to run their welfare programs. The
 4 Work First program, established by subtitle C, provides
 5 the means to transform the system toward work, and the
 6 new consolidated child care block grant, established by
 7 subtitle B, contains sufficient resources to ensure that re-
 8 cipients who work have safe and adequate care for their
 9 children. This title offers the reform American taxpayers
 10 and welfare recipients alike want and deserve.

11 **Subtitle A—Temporary**
 12 **Employment Assistance**

13 **SEC. 102. STATE PLAN.**

14 Title IV (42 U.S.C. 601 et seq.) is amended by strik-
 15 ing part A, except for section 415 which, consistent with
 16 section 402 of this Act, is redesignated as section 407,
 17 and inserting the following:

18 **“PART A—TEMPORARY EMPLOYMENT**
 19 **ASSISTANCE**

20 **“SEC. 400. AUTHORIZATION OF APPROPRIATIONS.**

21 “For the purpose of providing assistance to families
 22 with needy children and assisting parents of children in
 23 such families to obtain and retain private sector work to
 24 the extent possible, and public sector or volunteer work
 25 if necessary, through the Work First program established

1 under parts F, G, and H, there is authorized to be appro-
 2 priated for each fiscal year a sum sufficient to carry out
 3 the purposes of this part.

4 “Subpart 1—State Plans for Temporary Employ-
 5 ment Assistance

6 **“SEC. 401. ELEMENTS OF STATE PLANS.**

7 “A State plan for temporary employment assistance
 8 shall provide a description of the State program which car-
 9 ries out the purposes described in section 400 and shall
 10 meet the requirements of the following sections of this
 11 subpart.

12 **“SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOY-**
 13 **MENT ASSISTANCE.**

14 “(a) IN GENERAL.—The State plan shall provide that
 15 any family—

16 “(1) with 1 or more children (or any expectant
 17 family, at the option of the State), defined as needy
 18 by the State; and

19 “(2) whose members have assigned their rights
 20 to support to the State in accordance with section
 21 403(b)(1)(E)(i) and fulfill the conditions set forth in
 22 subsection (b), shall be eligible for assistance under
 23 the plan, except as otherwise provided under this
 24 part.

25 “(b) WORK REQUIREMENT.—

1 “(1) PERSONAL RESPONSIBILITY AGREE-
2 MENT.—The State plan shall provide that not later
3 than 30 days after the approval of an application for
4 temporary employment assistance, a parent qualify-
5 ing for assistance shall execute a personal respon-
6 sibility agreement as described in section 403. If a
7 child otherwise eligible for assistance under this part
8 is residing with a needy relative other than a parent,
9 the State plan may require the relative to execute
10 such a plan as a condition of the family receiving
11 such assistance.

12 “(2) WORK WITHIN TWO YEARS.—The State
13 plan shall provide that a parent or caretaker receiv-
14 ing assistance under the program will engage in
15 work (as defined by the State) when the State deter-
16 mines the parent or caretaker is ready to engage in
17 work, or after 24 months (whether or not consecu-
18 tive) of receiving assistance under the program,
19 whichever is earlier.

20 “(c) LIMITATIONS ON ELIGIBILITY.—

21 “(1) REQUIREMENTS TO WORK AND LOOK FOR
22 WORK.—Except as otherwise provided in paragraph
23 (2), the State plan shall limit eligibility of individ-
24 uals and families as follows:

1 “(A) REFUSAL TO LOOK FOR WORK.—If
2 an unemployed individual who has attained 18
3 years of age (or at State option, 19) refuses
4 without good cause to look for work—

5 “(i) in the case of the first such re-
6 fusal, assistance shall not be payable with
7 respect to such individual until the date
8 the individual begins to look for work; and

9 “(ii) in the case of a second or subse-
10 quent refusal, assistance shall not be pay-
11 able with respect to the family of such in-
12 dividual until the later of—

13 “(I) 6 months after the date of
14 such refusal; or

15 “(II) the date the individual be-
16 gins to look for work.

17 “(B) REFUSAL TO ACCEPT A BONA FIDE
18 OFFER OF EMPLOYMENT.—If an unemployed
19 individual who has attained 18 years of age (or
20 at State option, 19) refuses without good cause
21 to accept a bona fide offer of employment—

22 “(i) in the case of the first such re-
23 fusal, assistance shall not be payable with
24 respect to such individual until the date
25 the individual begins to work; and

1 “(ii) in the case of a second or subse-
2 quent refusal, assistance shall not be pay-
3 able with respect to the family of such in-
4 dividual until the later of—

5 “(I) 6 months after the date of
6 such refusal; or

7 “(II) the date the individual be-
8 gins to work.

9 “(C) FAILURE TO COMPLY WITH PER-
10 SONAL RESPONSIBILITY AGREEMENT OR MU-
11 TUAL RESPONSIBILITY PLANS.—The State plan
12 shall describe sanctions determined by the State
13 for those circumstances when the individual
14 fails without good cause to comply with a per-
15 sonal responsibility agreement (or, if the State
16 has established a program under subpart 1 of
17 part F and the individual is required to partici-
18 pate in the program, a mutual responsibility
19 plan) signed by the individual.

20 “(i) In the case of the first such fail-
21 ure, the State shall impose on the individ-
22 ual a sanction determined by the State
23 which is no more severe than the sanction
24 provided for under subparagraph (A)(i).

1 “(ii) In the case of a second or subse-
2 quent failure, the State shall impose on the
3 family of the individual a sanction deter-
4 mined by the State which is no more se-
5 vere than the sanction provided for under
6 subparagraph (A)(ii).

7 “(2) TIME LIMIT ON ASSISTANCE.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraphs (B) and (C), the State plan
10 shall provide that the family of an individual
11 who, after attaining age 18 years (or age 19
12 years, at State option), has received assistance
13 under the plan for 60 months, shall no longer
14 be eligible for assistance under the plan.

15 “(B) HARDSHIP EXCEPTION AFTER EXPI-
16 RATION OF 60-MONTH PERIOD.—The State plan
17 shall provide for hardship exceptions from the
18 application of subparagraph (A) in accordance
19 with clause (i) (or alternatively, at State option,
20 in accordance with clause (ii)).

21 “(i) GENERAL EXCEPTION FORMULA-
22 TION.—Except as provided in clause (ii),
23 the State plan shall provide that eligibility
24 shall not be denied to any family under
25 subparagraph (A) if—

1 “(I) at the option of the State,
2 the family includes an individual
3 working 20 hours per week (or more,
4 at the option of the State);

5 “(II) the family resides in an
6 area with an unemployment rate ex-
7 ceeding 8 percent; or

8 “(III) the family is experiencing
9 other special hardship circumstances
10 which make it appropriate for the
11 State to provide an exemption for
12 such month, except that the total
13 number of exemptions under this
14 clause for any month shall not exceed
15 15 percent of the number of families
16 to which the State is providing assist-
17 ance under the plan.

18 “(ii) ALTERNATIVE HARDSHIP EXCEP-
19 TION FORMULATION.—A State may elect,
20 as an alternative to clause (i), to define
21 hardship circumstances, in which case the
22 total number of exemptions under this
23 clause for any month shall not exceed 20
24 percent of the number of families to which

1 the State is providing assistance under the
2 plan.

3 “(C) EXCLUSION FROM 60-MONTH PE-
4 RIOD.—With respect to any family, the State
5 plan shall not include in the determination of
6 the 60-month period under subparagraph (A)
7 any month in which any of the following applies
8 to the family:

9 “(i) TEEN PARENTS.—The parent—
10 “(I) is under age 18 (or age 19,
11 at the option of the State); and

12 “(II) is making satisfactory
13 progress while attending high school
14 or an alternative technical preparation
15 school.

16 “(ii) INDIVIDUALS EXEMPT FROM
17 WORK REQUIREMENTS.—One parent in a
18 single-parent family or each parent in a
19 two-parent family—

20 “(I) is seriously ill, incapacitated,
21 or of advanced age;

22 “(II)(aa) except for a child de-
23 scribed in subclause (bb), is respon-
24 sible for a child under age 1 year (or

1 age 6 months, at the option of the
2 State), or

3 “(bb) in the case of a second or
4 subsequent child born during such pe-
5 riod, is responsible for a child under
6 age 3 months;

7 “(III) is pregnant in the 3rd tri-
8 mester;

9 “(IV) is caring for a family mem-
10 ber who is ill or incapacitated; or

11 “(V) (in the case of a single cus-
12 todial parent), has a demonstrated in-
13 ability to obtain needed child care, as
14 determined by the State, for one or
15 more of the following reasons:

16 “(aa) unavailability of ap-
17 propriate child care within a rea-
18 sonable distance of the individ-
19 ual’s home or work site;

20 “(bb) unavailability or
21 unsuitability of informal child
22 care by a relative or under other
23 arrangements; or

1 “(cc) unavailability of appro-
2 priate and affordable formal child
3 care arrangements.

4 “(D) CHILD-ONLY CASES.—With respect
5 to any child who has not attained age 18 (or
6 age 19, at the option of the State) and who is
7 eligible for assistance under this part, but not
8 as a member of a family otherwise eligible for
9 assistance under this part (determined without
10 regard to this paragraph), the State plan shall
11 not include in the determination of the 60-
12 month period under subparagraph (A) any
13 month in which such child has not attained
14 such age.

15 “(3) TREATMENT OF FAMILY INELIGIBLE FOR
16 CASH ASSISTANCE.—The State plan shall provide
17 that if a family is no longer eligible for cash assist-
18 ance under the plan due to the application of para-
19 graph (1) or (2)—

20 “(A) for purposes of determining eligibility
21 for any other Federal or federally assisted pro-
22 gram based on need, the family shall continue
23 to be considered eligible for such assistance;

24 “(B) in the case of a family ineligible for
25 such assistance due solely to the application of

1 paragraph (2), the State shall, after having as-
2 sessed the needs of the child or children of the
3 family, provide for such needs with vouchers for
4 such family—

5 “(i) determined on the same basis as
6 the State would provide assistance under
7 the State plan to such a family with one
8 less individual or two less individuals, as
9 applicable, in the case of a two-parent fam-
10 ily,

11 “(ii) designed appropriately to pay
12 third parties for shelter, goods, and serv-
13 ices received by the child or children, and

14 “(iii) payable directly to the third par-
15 ties.

16 “(4) INDIVIDUALS ON OLD-AGE ASSISTANCE OR
17 SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT AS-
18 SISTANCE.—The State plan shall provide that no as-
19 sistance shall be furnished any individual under the
20 plan with respect to any period with respect to which
21 the individual is receiving old-age assistance under
22 the State plan under title I or supplemental security
23 income under title XVI, and the individual’s income
24 and resources attributable to such sources shall be
25 disregarded in determining the eligibility of the fam-

1 ily of the individual for temporary employment as-
2 sistance.

3 “(5) CHILDREN FOR WHOM FEDERAL, STATE,
4 OR LOCAL FOSTER CARE MAINTENANCE OR ADOP-
5 TION ASSISTANCE PAYMENTS ARE MADE.—A child
6 with respect to whom foster care maintenance pay-
7 ments or adoption assistance payments are made
8 under part E or under State or local law shall not,
9 for the period for which such payments are made, be
10 regarded as a needy child under this part, and such
11 child’s income and resources shall be disregarded in
12 determining the eligibility of the family of such child
13 for temporary employment assistance.

14 “(6) DENIAL OF ASSISTANCE FOR 10 YEARS TO
15 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-
16 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-
17 SISTANCE IN 2 OR MORE STATES.—The State plan
18 shall provide that no assistance will be furnished any
19 individual under the plan during the 10-year period
20 that begins on the date the individual is convicted in
21 Federal or State court of having made a fraudulent
22 statement or representation with respect to the place
23 of residence of the individual in order to receive ben-
24 efits or services simultaneously from 2 or more
25 States under programs that are funded under this

1 part or title XIX, or benefits in 2 or more States
2 under the supplemental security income program
3 under title XVI.

4 “(7) DENIAL OF ASSISTANCE FOR FUGITIVE
5 FELONS AND PROBATION AND PAROLE VIOLA-
6 TORS.—

7 “(A) IN GENERAL.—The State plan shall
8 provide that no assistance will be furnished any
9 individual under the plan for any period if dur-
10 ing such period the State agency has knowledge
11 that such individual is—

12 “(i) fleeing to avoid prosecution, or
13 custody or confinement after conviction,
14 under the laws of the place from which the
15 individual flees, for a crime, or an attempt
16 to commit a crime, which is a felony under
17 the laws of the place from which the indi-
18 vidual flees, or which, in the case of the
19 State of New Jersey, is a high mis-
20 demeanor under the laws of such State; or

21 “(ii) violating a condition of probation
22 or parole imposed under Federal or State
23 law.

24 “(B) EXCHANGE OF INFORMATION WITH
25 LAW ENFORCEMENT AGENCIES.—Notwithstand-

1 ing any other provision of law, the State plan
2 shall provide that the State shall furnish any
3 Federal, State, or local law enforcement officer,
4 upon the request of the officer, with the current
5 address of any recipient of assistance under the
6 plan, if the officer furnishes the agency with the
7 name of the recipient and notifies the agency
8 that—

9 “(i) the recipient is described in
10 clause (i) or (ii) of subparagraph (A); and

11 “(ii) the location or apprehension of
12 the recipient is within such officer’s official
13 duties.

14 “(d) DETERMINATION OF ELIGIBILITY AND BENE-
15 FITS.—

16 “(1) DETERMINATION OF NEED.—The State
17 plan shall provide that the State agency will take
18 into consideration any income and resources—

19 “(A) which are legally or actually available
20 to meet the needs of the child or relative claim-
21 ing temporary employment assistance; and

22 “(B) which the State determines should be
23 considered in determining the need of such
24 child or relative.

1 “(2) OPTIONAL DENIAL OF ASSISTANCE TO
2 FAMILIES HAVING ADDITIONAL CHILDREN WHILE
3 RECEIVING ASSISTANCE.—At the option of the State,
4 the State plan may provide that—

5 “(A)(i) the amount of temporary employ-
6 ment assistance paid to a family under the plan
7 will not be increased by reason of the birth of
8 a child (other than as a result of rape or incest)
9 to an individual included in such family if—

10 “(I) when the individual is a custodial
11 parent of a needy child, the child was con-
12 ceived in a month for which the individual
13 received aid under the plan, or

14 “(II) when the individual is a needy
15 child, the individual is the parent of an-
16 other child who is a member of the same
17 family and whose needs are included for
18 purposes of making such determination;

19 “(ii) if the value of assistance to a family
20 under the State plan approved under this part
21 is reduced by reason of subclause (I), each
22 member of the family shall be considered to be
23 receiving such assistance for purposes of Fed-
24 eral law including but not limited to eligibility
25 for medical assistance under the State plan ap-

1 proved under title XIX for so long as assistance
2 to the family under the State plan approved
3 under this part would otherwise not be so re-
4 duced; and

5 “(B) if the State exercises the option, the
6 State may provide the family with vouchers, in
7 amounts not exceeding the amount of any such
8 reduction in assistance, that may be used only
9 to pay for particular goods and services speci-
10 fied by the State as suitable for the care of the
11 child of the parent (such as diapers, clothing, or
12 school supplies). In addition, the State may
13 allow an additional earned income disregard, or
14 disregard of child support received on behalf of
15 a child described by this subsection, in amounts
16 that do not exceed in total the reduction in as-
17 sistance that occurs as a result of a State exer-
18 cising the option.

19 “(C) A family may be subjected to this
20 subparagraph as long as application of this sub-
21 paragraph, whether alone or together with other
22 provisions of the State plan, does not reduce to
23 zero the maximum assistance level for such a
24 family.

1 “(3) RESOURCE AND INCOME DETERMINA-
2 TION.—With respect to the determination of the
3 total resources and income of the family of any
4 needy child, the State plan shall provide the follow-
5 ing:

6 “(A) RESOURCES.—The plan shall specify
7 the resource limit, and describe the policy deter-
8 mined by the State regarding any exclusion al-
9 lowed for vehicles owned by family members, re-
10 sources set aside for future needs of a child, in-
11 dividual development accounts, or other policies
12 established by the State to encourage savings.

13 “(B) FAMILY INCOME.—The plan shall
14 specify the extent to which earned or unearned
15 income is disregarded in determining eligibility
16 for, and amount of, assistance.

17 “(C) CHILD SUPPORT.—The plan shall
18 specify whether (and if so, the extent to which)
19 current child support received in excess of \$50
20 per month on behalf of a member of the family
21 is disregarded in determining eligibility for, and
22 the amount of, assistance.

23 “(D) CHILD’S EARNINGS.—The plan shall
24 describe the treatment of earnings of a child liv-
25 ing in the home.

1 “(E) EARNED INCOME TAX CREDIT.—The
2 plan shall provide for disregard of any refund
3 of Federal income taxes made to a family re-
4 ceiving temporary employment assistance by
5 reason of section 32 of the Internal Revenue
6 Code of 1986 (relating to earned income tax
7 credit) and any payment made to such a family
8 by an employer under section 3507 of such
9 Code (relating to advance payment of earned
10 income credit).

11 “(4) VERIFICATION SYSTEM.—The State plan
12 shall provide that information is requested and ex-
13 changed for purposes of income and eligibility ver-
14 ification in accordance with a State system which
15 meets the requirements of section 1137.

16 “(e) SERVICES TO NATIVE AMERICANS.—The State
17 plan shall specify the steps that will be taken to ensure
18 that an appropriate share of assistance and services under
19 the plan (and under part F and part G or H) are fur-
20 nished to eligible Native Americans (including, as applica-
21 ble, Indians, Alaskan Natives, and Native Hawaiians) liv-
22 ing in the State.

23 “(f) SERVICES TO REFUGEES.—The State plan shall
24 provide assurances that assistance and services furnished
25 to refugees under the plan (and under part F and part

1 G or H) shall be furnished in a manner that promotes
2 their economic self-sufficiency and adjustment.

3 **“SEC. 403. PERSONAL RESPONSIBILITY AGREEMENT.**

4 “(a) ASSESSMENT.—The State agency responsible
5 for administering the State plan shall make an initial as-
6 sessment of the skills, prior work experience, and employ-
7 ability of each caretaker who applies for, or receives assist-
8 ance under the State plan who—

9 “(1) has attained 18 years of age (or at State
10 option, 19); or

11 “(2) has not attained the age specified in para-
12 graph (1), has not completed high school or obtained
13 a certificate of high school equivalency, and is not
14 attending secondary school.

15 “(b) PERSONAL RESPONSIBILITY AGREEMENTS.—

16 “(1) IN GENERAL.—On the basis of the assess-
17 ment made under subsection (a) with respect to an
18 individual, the State agency, in consultation with the
19 individual, shall develop an appropriate personal re-
20 sponsibility agreement for the individual, which—

21 “(A) provides that participation by the in-
22 dividual in job search activities is a condition of
23 eligibility for assistance under the State plan
24 approved under part A, except during any pe-

1 riod for which the individual is employed full-
2 time in an unsubsidized job;

3 “(B) sets forth an employment goal for the
4 individual and a plan for moving the individual
5 immediately into private sector employment;

6 “(C) sets forth the obligations of the indi-
7 vidual, which may include a requirement that
8 the individual attend school, maintain certain
9 grades and attendance, keep school age children
10 of the individual in school, immunize children,
11 attend parenting and money management class-
12 es, or do other things that will help the individ-
13 ual become and remain employed in the private
14 sector;

15 “(D) may require that the individual enter
16 the State program established under part F, if
17 the caseworker determines that the individual
18 will need education, training, job placement as-
19 sistance, wage enhancement, or other services
20 to become employed in the private sector;

21 “(E) provides that the individual must—

22 “(i) assign to the State any rights to
23 support (including, but not limited to,
24 amounts which have accrued at the time
25 such assignment is executed) from any

1 other person the individual may have in
2 such individual's own behalf or in behalf of
3 any other family member for whom the in-
4 dividual is applying for or receiving assist-
5 ance or any other family member who is
6 deemed to be receiving assistance for the
7 purposes of title XIX; provided that the
8 assignment of arrearages that accrued in
9 a month in which the family did not re-
10 ceive assistance under this part shall cease
11 to be effective for any family no longer re-
12 ceiving assistance under this part to which
13 the State applies the amendments made by
14 the Work First and Personal Responsibil-
15 ity Act of 1996 to section 457(c); and

16 “(ii) cooperate with the State—

17 “(I) in establishing the paternity
18 of a child born out of wedlock with re-
19 spect to whom assistance is claimed,
20 and

21 “(II) in obtaining support pay-
22 ments for the individual and for a
23 child with respect to whom such as-
24 sistance is claimed, or in obtaining
25 any other payments or property due

1 the individual or the child, unless (in
2 either case) the individual is found to
3 have good cause for refusing to co-
4 operate as determined by the State
5 agency administering the program
6 under part D in accordance with
7 standards prescribed by the Secretary,
8 which standards shall take into con-
9 sideration the best interests of the
10 child on whose behalf assistance is
11 claimed.

12 “(F) to the greatest extent possible is de-
13 signed to move the individual into whatever pri-
14 vate sector employment the individual is capable
15 of handling as quickly as possible, and to in-
16 crease the responsibility and amount of work
17 the individual is to handle over time;

18 “(G) describes the services the State will
19 provide the individual so that the individual can
20 obtain and keep employment in the private sec-
21 tor, and describes the job counseling and other
22 services that will be provided by the State; and

23 “(H) at the option of the State, may re-
24 quire the individual to undergo appropriate sub-
25 stance abuse treatment.

1 “(2) TIMING.—The State agency shall comply
2 with paragraph (1) with respect to an individual—

3 “(A) within 180 days after the effective
4 date of this part, in the case of an individual
5 who, as of such effective date, is a recipient of
6 assistance under the State plan approved under
7 this part; or

8 “(B) within 90 days after the individual is
9 determined to be eligible for such assistance, in
10 the case of any other individual.

11 “(c) PROVISION OF PROGRAM AND EMPLOYMENT IN-
12 FORMATION.—The State shall inform all applicants for
13 and recipients of assistance under the State plan approved
14 under this part of all available services under the State
15 plan for which they are eligible.

16 “(d) REQUIREMENT THAT RECIPIENTS ENTER THE
17 WORK FIRST PROGRAM.—

18 “(1) IN GENERAL.—On and after October 1,
19 2003, the State shall place recipients of assistance
20 under the State plan under this part, who have not
21 become employed within 1 year after signing an per-
22 sonal responsibility agreement, in the first available
23 slot in the State program under part F, except as
24 provided in paragraph (2).

1 “(2) EXCEPTIONS.—A state shall not require a
2 recipient of such assistance to participate in the pro-
3 gram if the recipient—

4 “(A) is ill, incapacitated, or of advanced
5 age;

6 “(B) except for a child described in sub-
7 paragraph (C), is responsible for a child under
8 age 1 year (or age 6 months, at the option of
9 the State);

10 “(C) in the case of a second or subsequent
11 child born since the recipient signed the agree-
12 ment, is responsible for a child under age 3
13 months;

14 “(D) is pregnant in the third trimester;

15 “(E) is caring for a family member who is
16 ill or incapacitated; or

17 “(F) is a single custodial parent and has
18 a demonstrated inability to obtain needed child
19 care, as determined by the State, for one or
20 more of the following reasons:

21 “(i) unavailability of appropriate child
22 care within a reasonable distance of the in-
23 dividual’s home or work site;

1 “(ii) unavailability or unsuitability of
2 informal child care by a relative or under
3 other arrangements; or

4 “(iii) unavailability of appropriate and
5 affordable formal child care arrangements.

6 **“SEC. 404. PAYMENT OF ASSISTANCE.**

7 “(a) STANDARDS OF ASSISTANCE.—The State plan
8 shall specify standards of assistance, including—

9 “(1) the composition of the family unit for
10 which assistance will be provided;

11 “(2) a standard or standards, expressed in a
12 dollar amount or amounts, to be used in determining
13 the need of applicants and recipients;

14 “(3) a standard or standards, expressed in a
15 dollar amount or amounts, to be used in determining
16 the amount of the assistance payment; and

17 “(4) the methodology to be used in determining
18 the payment amount received by an assistance unit.

19 “(b) LEVEL OF ASSISTANCE.—Except as otherwise
20 provided in this title, the State plan shall provide that—

21 “(1) the determination of need and the amount
22 of assistance for all applicants and recipients shall
23 be made on an objective and equitable basis; and

24 “(2) families of similar composition with similar
25 needs and circumstances shall be treated similarly.

1 “(c) FAIR HEARING AND CORRECTION OF PAY-
2 MENTS.—The State plan shall provide that the State
3 agency shall—

4 “(1) grant an opportunity for a fair hearing be-
5 fore the State agency to any individual whose re-
6 quest for assistance under such plan is denied or is
7 not acted upon with reasonable promptness; and

8 “(2) promptly take all necessary steps to cor-
9 rect any overpayment or underpayment of assistance
10 under such plan, including the request for withhold-
11 ing from Federal tax refunds as provided under sec-
12 tion 416.

13 “(d) OPTIONAL VOLUNTARY DIVERSION PRO-
14 GRAM.—

15 “(1) IN GENERAL.—Subject to paragraphs (2)
16 and (3), the State plan may provide, with respect to
17 the geographic area or areas of the State that the
18 State may select, that upon the recommendation of
19 the caseworker responsible, the State may offer to
20 an eligible family one-time assistance for a period of
21 not more than three months (which assistance, if ac-
22 cepted by the family, shall be in lieu of any other
23 assistance under the State plan for such period) in
24 an amount not to exceed—

1 “(A) the value of the monthly benefits that
2 would otherwise be provided to the family under
3 the State plan; multiplied by

4 “(B) the number of months in the time pe-
5 riod.

6 “(2) ONE-TIME LIMITATION.—Assistance pur-
7 suant to paragraph (1) shall not be made more than
8 once to any family; and

9 “(3) ADJUSTMENT OF ALTERNATIVE BENE-
10 FITS.—If, during the period with respect to which
11 the State has provided one-time assistance to a fam-
12 ily pursuant to paragraph (1), the family applies for
13 and (but for the one-time assistance) would be eligi-
14 ble under the State plan for a monthly benefit great-
15 er than the value of the amount used in the calcula-
16 tion under paragraph (1), then, notwithstanding
17 paragraph (1), the State shall, for that part of the
18 time period that remains after the family becomes
19 eligible for the greater monthly benefit, provide
20 monthly benefits to the family in an amount not to
21 exceed—

22 “(A) the amount by which the value of the
23 greater monthly benefit exceeds the value of the
24 former monthly benefit, multiplied by the num-
25 ber of months in the time period; divided by

1 “(B) the whole number of months remain-
2 ing in the time period.

3 **“SEC. 405. REQUIREMENTS CONCERNING OTHER PRO-**
4 **GRAMS.**

5 “(a) WORK FIRST PROGRAM; WORKFARE OR JOB
6 PLACEMENT VOUCHER PROGRAM.—The State plan shall
7 provide that the State has in effect—

8 “(1) a Work First program that meets the re-
9 quirements of part F; and

10 “(2) a workfare program that meets the re-
11 quirements of part G, or a job placement voucher
12 program that meets the requirements of part H, but
13 not both.

14 “(b) PROVISION OF CASE MANAGEMENT SERV-
15 ICES.—The State plan shall provide that the State shall
16 furnish to participants in those programs case manage-
17 ment services that are necessary to ensure the integrated
18 provision of benefits and services under those programs
19 and under this part.

20 “(c) STATE CHILD SUPPORT AGENCY.—The State
21 plan shall—

22 “(1) provide that the State has in effect a plan
23 approved under part D and operates a child support
24 program in substantial compliance with such plan;

1 “(2) provide that the State agency administer-
2 ing the plan approved under this part is responsible
3 for ensuring that—

4 “(A) the benefits and services provided
5 under plans under this part and part D are fur-
6 nished in an integrated manner, including co-
7 ordination of intake procedures with the agency
8 administering the plan under part D;

9 “(B) all applicants for, and recipients of,
10 temporary employment assistance are encour-
11 aged, assisted, and required (as provided under
12 section 403(b)(1)(E)(ii)) to cooperate in the es-
13 tablishment and enforcement of paternity and
14 child support obligations and are notified about
15 the services available under the State plan ap-
16 proved under part D; and

17 “(C) procedures require referral of pater-
18 nity and child support enforcement cases to the
19 agency administering the plan approved under
20 part D not later than 10 days after the applica-
21 tion for temporary employment assistance; and

22 “(3) provide for prompt notice (including the
23 transmittal of all relevant information) to the State
24 child support collection agency established pursuant
25 to part D of the furnishing of temporary employ-

1 ment assistance with respect to a child who has been
2 deserted or abandoned by a parent (including a child
3 born out of wedlock, without regard to whether the
4 paternity of the child has been established).

5 “(d) CHILD WELFARE SERVICES AND FOSTER CARE
6 AND ADOPTION ASSISTANCE.—The State plan shall pro-
7 vide that the State has in effect—

8 “(1) a State plan for child welfare services ap-
9 proved under part B; and

10 “(2) a State plan for foster care and adoption
11 assistance approved under part E,
12 and operates such plans in substantial compliance with the
13 requirements of such parts.

14 “(e) REPORT OF CHILD ABUSE, ETC.—The State
15 plan shall provide that the State agency will—

16 “(1) report to an appropriate agency or official
17 known or suspected instances of physical or mental
18 injury, sexual abuse or exploitation, or negligent
19 treatment or maltreatment of a child receiving as-
20 sistance under the State plan under circumstances
21 which indicate that the child’s health or welfare is
22 threatened thereby; and

23 “(2) provide such information with respect to a
24 situation described in paragraph (1) as the State
25 agency may have.

1 “(f) AVAILABILITY OF ASSISTANCE IN RURAL AREAS
 2 OF STATE.—The State plan shall provide that the State
 3 agency shall consider and address any special needs of
 4 rural areas in the State to ensure that families in such
 5 areas receive assistance to become self-sufficient.

6 “(g) FAMILY PRESERVATION.—

7 “(1) IN GENERAL.—The State plan shall de-
 8 scribe the efforts by the State to promote family
 9 preservation and stability, including efforts—

10 “(A) to encourage fathers to stay home
 11 and be a part of the family;

12 “(B) to keep families together to the ex-
 13 tent possible; and

14 “(C) except to the extent provided in para-
 15 graph (2), to treat 2-parent families and 1-par-
 16 ent families equally with respect to eligibility
 17 for assistance.

18 “(2) MAINTENANCE OF TREATMENT.—The
 19 State may impose eligibility limitations relating spe-
 20 cifically to 2-parent families to the extent such limi-
 21 tations are no more restrictive than such limitations
 22 in effect in the State plan in fiscal year 1995.

23 “(h) CHILD CARE.—The State plan shall provide that
 24 the State has in effect a plan under its program under
 25 the Child Care Development Block Grant Act of 1990.

1 **“SEC. 406. ADMINISTRATIVE REQUIREMENTS FOR STATE**
2 **PLAN.**

3 “(a) STATEWIDE PLAN.—The State plan shall be in
4 effect in all political subdivisions of the State, and, if ad-
5 ministered by the subdivisions, be mandatory upon such
6 subdivisions. If such plan is not administered uniformly
7 throughout the State, the plan shall describe the adminis-
8 trative variations.

9 “(b) SINGLE ADMINISTERING AGENCY.—The State
10 plan shall provide for the establishment or designation of
11 a single State agency to administer the plan or supervise
12 the administration of the plan.

13 “(c) FINANCIAL PARTICIPATION.—The State plan
14 shall provide for financial participation by the State con-
15 sistent with section 413.

16 “(d) REASONABLE PROMPTNESS.—The State plan
17 shall provide that all individuals wishing to apply for tem-
18 porary employment assistance shall have opportunity to
19 do so, and that such assistance shall be furnished with
20 reasonable promptness to all eligible individuals.

21 “(e) AUTOMATED DATA PROCESSING SYSTEM.—The
22 State plan may provide for the establishment and oper-
23 ation of an automated statewide management information
24 system designed effectively and efficiently to assist man-
25 agement in the administration of the State plan approved
26 under this part, so as—

1 “(1) to control and account for—

2 “(A) all the factors in the total eligibility
3 determination process under such plan for as-
4 sistance, and

5 “(B) the costs, quality, and delivery of
6 payments and services furnished to applicants
7 for and recipients of assistance; and

8 “(2) to notify the appropriate officials for child
9 support, food stamp, and social service programs,
10 and the medical assistance program approved under
11 title XIX, whenever a recipient becomes ineligible for
12 such assistance or the amount of assistance provided
13 to a recipient under the State plan is changed.

14 “(f) DISCLOSURE OF INFORMATION.—The State plan
15 shall provide for safeguards which restrict the use or dis-
16 closure of information concerning applicants or recipients.

17 “(g) DETECTION OF FRAUD.—The State plan shall
18 provide, in accordance with regulations issued by the Sec-
19 retary, for appropriate measures to detect fraudulent ap-
20 plications for temporary employment assistance before the
21 establishment of eligibility for such assistance.

22 “(h) AUDITS.—

23 “(1) IN GENERAL.—Each State shall audit, not
24 less than annually, the State expenditures for the
25 program under this part and parts F, G, and H to

1 determine the extent to which the expenditures were
2 made in accordance with the provisions of this part
3 and parts F, G, and H.

4 “(2) AUDIT REPORTS.—Not later than 30 days
5 following the completion of an audit under this sub-
6 section, a State shall submit a copy of the audit to
7 the State legislature and to the Secretary of Health
8 and Human Services.

9 “(3) SINGLE AUDITS.—To the extent they are
10 not inconsistent with this section, the provisions of
11 chapter 75 of title 31, United States Code, apply to
12 audit requirements of this section.

13 **“Subpart 2—Administrative Provisions**

14 **“SEC. 411. APPROVAL OF PLAN.**

15 “(a) IN GENERAL.—The Secretary shall approve a
16 State plan which fulfills the requirements under subpart
17 1 within 120 days of the submission of the plan by the
18 State to the Secretary.

19 “(b) DEEMED APPROVAL.—If a State plan has not
20 been rejected by the Secretary during the period specified
21 in subsection (a), the plan is considered to have been ap-
22 proved.

23 **“SEC. 412. COMPLIANCE.**

24 “‘In the case of any State plan for temporary employ-
25 ment assistance which has been approved under section

1 411, if the Secretary, after reasonable notice and oppor-
2 tunity for hearing to the State agency administering or
3 supervising the administration of such plan, finds that in
4 the administration of the plan there is a failure to comply
5 substantially with any provision required by subpart 1 to
6 be included in the plan, the Secretary shall notify such
7 State agency that further payments will not be made to
8 the State (or in the Secretary's discretion, that payments
9 will be limited to categories under or parts of the State
10 plan not affected by such failure) until the Secretary is
11 satisfied that there is no longer any such failure to comply.
12 Until the Secretary is so satisfied the Secretary shall make
13 no further payments to such State (or shall limit payments
14 to categories under or parts of the State plan not affected
15 by such failure).

16 **“SEC. 413. PAYMENTS TO STATES.**

17 “(a) COMPUTATION OF AMOUNT.—

18 “(1) IN GENERAL.—Subject to section 412, the
19 Secretary of the Treasury shall pay to each State
20 which has an approved plan for temporary employ-
21 ment assistance, for each quarter, beginning with
22 the quarter commencing October 1, 1996, an
23 amount equal to the Federal medical assistance per-
24 centage (as defined in section 1905(b) or, as appli-
25 cable, in section 1118) of the program expenditures

1 by the State under that plan (other than expendi-
2 tures for administrative costs of that plan and for
3 purposes specified in paragraph (2)(B)).

4 “(2) WORK FIRST AND OTHER PROGRAMS.—

5 “(A) ENTITLEMENT; FEDERAL MATCHING
6 SHARE.—Each State that is operating a pro-
7 gram in accordance with a plan approved under
8 part F and a program in accordance with part
9 G or H shall be entitled to payment, for each
10 fiscal year, equal to the lesser of—

11 “(i) the sum of the amounts allotted
12 to the State pursuant to subparagraphs
13 (D) and (E), or

14 “(ii) the greater of 60 percent or the
15 Federal medical assistance percentage (as
16 defined in section 1905(b) or, as applica-
17 ble, in section 1118) of State expenditures
18 for the purposes specified in subparagraph
19 (B) (excluding any expenditures from per-
20 formance bonuses provided under para-
21 graph (4)).

22 “(B) USE OF FUNDS.—

23 “(i) Amounts available to a State pur-
24 suant to this paragraph may be used by
25 the State—

1 “(I) for all costs of carrying out
2 programs under part F and part G or
3 part H;

4 “(II) for administrative costs of
5 carrying out the program under part
6 A;

7 “(III) for all costs of providing
8 emergency assistance to needy fami-
9 lies with children in accordance with
10 paragraph (3); and

11 “(IV) to supplement amounts
12 otherwise available for child care
13 under section 6580b of the Child Care
14 and Development Block Grant Act of
15 1990, subject to the terms and condi-
16 tions, including matching require-
17 ments, under section 6580b of that
18 Act.

19 “(ii) States shall not allocate to pro-
20 grams in which Federal financial participa-
21 tion is available, other than programs spec-
22 ified in clause (i), administrative costs for
23 activities in fiscal year 1997 and succeed-
24 ing fiscal years that in fiscal year 1995

1 were allocated to programs under parts A
2 and F.

3 “(C) AMOUNTS FOR ALLOTMENT.—For
4 purposes of allotment to States under subpara-
5 graphs (D) and (E), the amount specified in
6 this subparagraph is as follows:

7 “(i) For fiscal years 1997 through
8 2002, the amount specified is:

9 “(I) \$2,900,000,000 for fiscal
10 year 1997;

11 “(II) \$2,950,000,000 for fiscal
12 year 1998;

13 “(III) \$3,100,000,000 for fiscal
14 year 1999;

15 “(IV) \$3,350,000,000 for fiscal
16 year 2000;

17 “(V) \$3,800,000,000 for fiscal
18 year 2001;

19 “(VI) \$3,900,000,000 for fiscal
20 year 2002;

21 “(ii) For fiscal year 2003 and each
22 succeeding fiscal year, the amount speci-
23 fied is the product of the following:

1 “(I) The amount specified in this
2 subparagraph for the immediately pre-
3 ceding fiscal year.

4 “(II) 1.00 plus the percentage (if
5 any) by which the average of the
6 Consumer Price Index (as defined in
7 section 1(f)(5) of the Internal Reve-
8 nue Code of 1986) for the most recent
9 12-month period for which such infor-
10 mation is available exceeds that for
11 the previous 12-month period.

12 “(III) 1.00 plus the percentage
13 change (if any) in the participation
14 rate required in section 488.

15 “(IV) 1.00 plus the percentage
16 change in the non-exempt adult recipi-
17 ent caseload for the most recent quar-
18 ter for which information is available,
19 compared to that caseload for the
20 same calendar quarter in the previous
21 year.

22 “(D) BASE ALLOTMENT TO STATES.—
23 From the amount specified in subparagraph (C)
24 for a fiscal year, the Secretary shall first allot
25 to each eligible State an amount equal to the

1 amount paid to the State pursuant to section
2 403(a)(3) for administration of the State pro-
3 gram under part A in fiscal year 1995.

4 “(E) ALLOTMENT OF REMAINDER TO
5 STATES.—

6 “(i) From the amount specified in
7 subparagraph (C) for a fiscal year remain-
8 ing after application of subparagraph (D),
9 the Secretary shall allot to each State an
10 amount bearing the same ratio to such re-
11 mainder as the average monthly number of
12 non-exempt adult recipients (as defined in
13 clause (ii)) in the State in the preceding
14 fiscal year bears to the average monthly
15 number of such recipients in all eligible
16 States for such preceding year.

17 “(ii) For purposes of this subpara-
18 graph, the term ‘non-exempt adult recipi-
19 ent’ in the case of any State means an in-
20 dividual other than a dependent child (un-
21 less such child is the custodial parent of
22 another dependent child)—

23 “(I) whose needs are met (in
24 whole or in part) with assistance pro-

1 vided under the State plan approved
2 under this part, and

3 “(II) who is required to partici-
4 pate in a program under part F, G, or
5 H.

6 “(iii) For purposes of clause (ii), the
7 term ‘dependent child’ means a needy
8 child—

9 “(I) who has been deprived of pa-
10 rental support or care by reason of
11 the death, continued absence from the
12 home (other than absence occasioned
13 solely by reason of the performance of
14 active duty in the uniformed services
15 of the United States), or physical or
16 mental incapacity of a parent, and
17 who is living with his father, mother,
18 grandfather, grandmother, brother,
19 sister, stepfather, stepmother, step-
20 brother, stepsister, uncle, aunt, first
21 cousin, nephew, or niece, in a place of
22 residence maintained by one or more
23 of such relatives as the relative’s own
24 home, and

25 “(II) who is—

1 “(aa) under the age of
2 eighteen, or

3 “(bb) at the option of the
4 State, under the age of nineteen
5 and a full-time student in a sec-
6 ondary school (or in the equiva-
7 lent level of vocational or tech-
8 nical training), if, before age
9 nineteen, the child reasonably
10 may be expected to complete the
11 secondary school program (or
12 training).

13 “(iv) For purposes of clause (iii), the
14 term ‘relative with whom any dependent
15 child is living’ means the individual who is
16 one of the relatives specified in clause (iii)
17 and with whom the child is living (within
18 the meaning of such subsection) in a place
19 of residence maintained by the individual
20 (alone or together with any one or more of
21 the other relatives so specified) as the rel-
22 ative’s own home.

23 “(F) AMOUNTS FOR INELIGIBLE PARTICI-
24 PANTS.—Not more than 10 percent of the
25 amount payable to a State under this para-

graph for a calendar quarter may be for expenditures made during the quarter with respect to program participants who are not eligible for assistance under the State plan approved under this part.

“(3) EMERGENCY ASSISTANCE.—

“(A) For purposes of paragraph (2)(B)(i)(III), the term ‘emergency assistance to needy families with children’ means any of the items specified in subparagraph (B), furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under the age of 21 who is (or, within such period as may be specified by the Secretary, has been) living with any of the relatives specified in paragraph (2)(E)(iii) in a place of residence maintained by one or more of such relatives as the relative’s own home, but only where—

“(i) such child is without available resources,

“(ii) the payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and

1 “(iii) the destitution or need for living
2 arrangements did not arise because the
3 child or relative refused without good cause
4 to accept employment or training for em-
5 ployment.

6 “(B) For the purposes of subparagraph
7 (A), the items specified include—

8 “(i) money payments, payments in
9 kind, or such other payments as the State
10 agency may specify with respect to, or
11 medical care or any other type of remedial
12 care recognized under State law (for which
13 the individual is not entitled to medical as-
14 sistance under the State plan under title
15 XIX) on behalf of, such child or any other
16 member of the household in which he is liv-
17 ing, and

18 “(ii) services the Secretary may speci-
19 fy,

20 but the term does not include benefits or serv-
21 ices provided to children in the juvenile justice
22 system.

23 “(4) PERFORMANCE BONUS.—

24 “(A) IN GENERAL.—The Secretary, in con-
25 sultation with State and local government offi-

1 cials and other interested persons, shall develop
2 a system of performance measures and per-
3 formance bonuses that rewards States that op-
4 erate programs established under parts F, G,
5 and H that are effective in moving recipients of
6 assistance under the State plan approved under
7 this part into employment.

8 “(B) ALLOCATION FORMULA.—

9 “(i) IN GENERAL.—Not later than
10 January 1, 1997, the Secretary, in con-
11 sultation with State and local government
12 officials and other interested persons, shall
13 develop and publish in the Federal Reg-
14 ister a formula for allocating the limitation
15 amount specified in subparagraph (E) for
16 the performance bonus fund for a fiscal
17 year, based on the effectiveness of State
18 programs established under parts F, G,
19 and H in moving recipients of assistance
20 under the State plan under this part into
21 employment in the preceding fiscal year,
22 including those who remain employed for
23 greater periods of time. In each fiscal year
24 specified in subparagraph (E), a State
25 shall be entitled to receive payments equal

1 to the limitation allocated to such State
2 under the formula developed by the Sec-
3 retary under this clause.

4 “(ii) FACTORS TO BE CONSIDERED.—

5 In developing the allocation formula under
6 clause (i), the Secretary shall take into
7 consideration factors that affect a State’s
8 ability to achieve a given level of employ-
9 ment of recipients, such as—

10 “(I) the proportion of families

11 who are at greatest risk of long-term
12 welfare dependency, or who have re-
13 mained unemployed for long periods
14 of time; and

15 “(II) the unemployment condi-

16 tions of each State.

17 “(C) ANNUAL COMPLIANCE REPORTS.—

18 Each State shall submit to the Secretary an-
19 nual reports on the effectiveness of its program
20 under part F based on the performance meas-
21 ures established under subparagraph (A).

22 “(D) USE OF PAYMENTS.—Bonus pay-

23 ments under this paragraph shall be used for
24 the purposes allowable under subsection
25 (a)(2)(B)(i).

1 “(E) LIMITATION AMOUNT SPECIFIED.—

2 For purposes of the allocation formula under
3 subparagraph (B), the limitation amount speci-
4 fied in this subparagraph is—

5 “(i) \$100,000,000 for fiscal year 1997
6 rates, payable in FY 1998;

7 “(ii) \$100,000,000 for fiscal year
8 1998 rates, payable in FY 1999;

9 “(iii) \$200,000,000 for fiscal year
10 1999 rates, payable in FY 2000;

11 “(iv) \$200,000,000 for fiscal year
12 2000 rates, payable in FY 2001; and

13 “(v) \$200,000,000 for fiscal year
14 2001 rates, payable in FY 2002.

15 “(b) METHOD OF COMPUTATION AND PAYMENT.—

16 The method of computing and paying amounts pursuant
17 to this section is as follows:

18 “(1) The Secretary, prior to the beginning of
19 each quarter, shall estimate the amount to be paid
20 to the State for the quarter under subsection (a),
21 the estimate to be based on—

22 “(A) a report filed by the State containing
23 its estimate of the amount to be expended in
24 the quarter in accordance with each provision of
25 subsection (a) and stating the amounts appro-

1 priated or made available by the State and its
2 political subdivisions for such expenditures in
3 the quarter, and if the sum of those amounts
4 is less than the State's proportionate share of
5 the total sum of such estimated expenditures,
6 the source or sources from which the difference
7 is expected to be derived;

8 “(B) records showing the number of needy
9 children in the State; and

10 “(C) such other information as the Sec-
11 retary may find necessary.

12 “(2) The Secretary of Health and Human Serv-
13 ices shall then certify to the Secretary of the Treas-
14 ury the amount so estimated—

15 “(A) reduced or increased, as the case may
16 be, by any sum by which the Secretary of
17 Health and Human Services finds that the esti-
18 mate for any prior quarter was greater or less
19 than the amount which should have been paid
20 to the State for such quarter;

21 “(B) reduced by a sum equivalent to the
22 pro rata share to which the Federal Govern-
23 ment is equitably entitled, as determined by the
24 Secretary of Health and Human Services, of
25 the net amount recovered during any prior

1 quarter by the State or any political subdivision
2 thereof with respect to temporary employment
3 assistance furnished under the State plan; and

4 “(C) reduced by such amount as is nec-
5 essary to provide the appropriate reimburse-
6 ment to the Federal Government that the State
7 is required to make under section 457 out of
8 that portion of child support collections retained
9 by the State pursuant to such section, except
10 that such increases or reductions shall not be
11 made to the extent that such sums have been
12 applied to make the amount certified for any
13 prior quarter greater or less than the amount
14 estimated by the Secretary of Health and
15 Human Services for such prior quarter.

16 “(c) METHOD OF PAYMENT.—The Secretary of the
17 Treasury, through the Fiscal Service of the Department
18 of the Treasury and prior to audit or settlement by the
19 General Accounting Office, shall pay to the State, at the
20 time or times fixed by the Secretary of Health and Human
21 Services, the amount so certified.

22 **“SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND**
23 **REPORTING SYSTEM.**

24 “(a) QUALITY ASSURANCE.—

25 “(1) IN GENERAL.—In order—

1 “(A) to improve the accuracy of payments
2 of temporary employment assistance and wages
3 under work programs under parts F, G, and H,
4 to assess the accuracy of data reported by each
5 State relating to its work programs and to its
6 implementation of the time limits established by
7 section 402(c)(2),

8 “(B) to determine whether participation
9 standards under section 488(a) have been met,

10 “(C) to assess the effectiveness of the
11 State’s program by applying the performance
12 standards developed under section 413(a)(4),
13 and

14 “(D) to serve such other purposes as the
15 Secretary finds appropriate for a performance
16 measurement system, the Secretary shall estab-
17 lish and operate a quality assurance system to
18 secure the accurate data needed to measure
19 performance, identify areas in which corrective
20 action is necessary, and determine the amount
21 (if any) of the disallowance required to be re-
22 paid to the Secretary because of erroneous aid
23 payments made by the State. A quality assur-
24 ance system shall be developed based upon a
25 collaborative effort involving the Secretary, the

1 States and other interested parties, and shall
2 include quantifiable program outcomes related
3 to self sufficiency in the categories of welfare-
4 to-work, payment accuracy, and child support.

5 “(2) MODIFICATIONS TO SYSTEM.—As consid-
6 ered necessary, but not more often than every 2
7 years, the Secretary, in consultation with the States
8 and other interested parties, shall make appropriate
9 changes in the design and administration of the
10 quality assurance system, including changes in
11 benchmarks, measures, and data collection or sam-
12 pling procedures.

13 “(b) DATA COLLECTION AND REPORTING.—

14 “(1) IN GENERAL.—The State plan shall pro-
15 vide for a quarterly report to the Secretary regard-
16 ing the data described in paragraphs (2) and (3)
17 and such additional data as the Secretary deter-
18 mines is needed for the quality assurance system.
19 The data collection and reporting system under this
20 subsection shall promote accountability, continuous
21 improvement, and integrity in the State programs
22 for temporary employment assistance and Work
23 First.

24 “(2) DISAGGREGATED DATA.—The State shall
25 collect the following data items on a monthly basis

1 from disaggregated case records of applicants for
2 and recipients of temporary employment assistance
3 from the previous month:

4 “(A) The age of adults and children (in-
5 cluding pregnant women).

6 “(B) Marital or familial status of cases:
7 married (2-parent family), widowed, divorced,
8 separated, or never married; or child living with
9 other adult relative.

10 “(C) The gender, race, educational attain-
11 ment, work experience, disability status (wheth-
12 er the individual is seriously ill, incapacitated,
13 or caring for a disabled or incapacitated child)
14 of adults.

15 “(D) The amount of cash assistance and
16 the amount and reason for any reduction in
17 such assistance. Any other data necessary to
18 determine the timeliness and accuracy of bene-
19 fits and welfare diversions.

20 “(E) Whether any member of the family
21 receives benefits under any of the following:

22 “(i) Any housing program.

23 “(ii) The program under the Food
24 Stamp Act of 1977.

1 “(iii) The program under the Head
2 Start Act.

3 “(iv) Any job training program.

4 “(F) The number of months since the most
5 recent application for assistance under the plan.

6 “(G) The total number of months for
7 which assistance has been provided to the fami-
8 lies under the plan.

9 “(H) The employment status, hours
10 worked, and earnings of individuals while re-
11 ceiving assistance, whether the case was closed
12 due to employment, and other data needed to
13 determine the work performance rate.

14 “(I) Status in Work First and workfare,
15 including the number of hours an individual
16 participated and the component in which the in-
17 dividual participated.

18 “(J) The number of individuals in the as-
19 sistance unit and their relationship to the
20 youngest child. Nonrecipients in the household
21 and the relationship of each to the youngest
22 child.

23 “(K) Citizenship status.

24 “(L) Shelter arrangement.

1 “(M) Unearned income (not including tem-
2 porary employment assistance), such as child
3 support, and assets.

4 “(N) The number of children who have a
5 parent who is deceased, incapacitated, or unem-
6 ployed.

7 “(O) Geographic location.

8 “(3) AGGREGATED DATA.—The State shall col-
9 lect the following data items on a monthly basis
10 from aggregated case records of applicants for and
11 recipients of temporary employment assistance from
12 the previous month:

13 “(A) The number of adults receiving as-
14 sistance.

15 “(B) The number of children receiving as-
16 sistance.

17 “(C) The number of families receiving as-
18 sistance.

19 “(D) The number of assistance units who
20 had grants reduced or terminated and the rea-
21 son for the reduction or termination, including
22 sanction, employment, and exceeding the time
23 limit for assistance.

1 “(E) The number of applications for as-
2 sistance; the number approved and the number
3 denied and the reason for denial.

4 “(4) LONGITUDINAL STUDIES.—The State shall
5 submit selected data items for a cohort of individ-
6 uals who are tracked over time. This longitudinal
7 sample shall be used for selected data items de-
8 scribed in paragraphs (2) and (3), as determined ap-
9 propriate by the Secretary.

10 “(c) ADDITIONAL DATA.—The report required by
11 subsection (b) for a fiscal year quarter also shall include
12 the following:

13 “(1) REPORT ON USE OF FEDERAL FUNDS TO
14 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—A
15 statement of—

16 “(A) the percentage of the Federal funds
17 paid to the State under Section 413 for the fis-
18 cal year quarter and used to carry out parts F
19 and G or H that are used to cover administra-
20 tive costs or overhead; and

21 “(B) the total amount of State funds that
22 are used to cover such costs or overhead.

23 “(2) REPORT ON STATE EXPENDITURES ON
24 PROGRAMS FOR NEEDY FAMILIES.—A statement of
25 the total amount expended by the State during the

1 fiscal year quarter on programs for needy families,
2 with the amount spent on the program under this
3 part, and the purposes for which such amount was
4 spent, separately stated.

5 “(3) REPORT ON NONCUSTODIAL PARENTS PAR-
6 TICIPATING IN WORK ACTIVITIES.—The number of
7 noncustodial parents in the State who participated
8 in work activities during the fiscal year quarter.

9 “(4) REPORT ON CHILD SUPPORT COL-
10 LECTED.—The total amount of child support col-
11 lected by the State agency administering the State
12 plan under part D on behalf of a family receiving as-
13 sistance under this part.

14 “(5) REPORT ON TRANSITIONAL SERVICES.—
15 The total amount expended by the State for provid-
16 ing transitional services to families that have ceased
17 to receive assistance under this part because of in-
18 creased hours of, or increased income from, employ-
19 ment, together with a description of such services.

20 “(d) COLLECTION PROCEDURES.—The Secretary
21 shall provide case sampling plans and data collection pro-
22 cedures as considered necessary to make statistically valid
23 estimates of plan performance.

24 “(e) VERIFICATION.—The Secretary shall develop
25 and implement procedures for verifying the quality of the

1 data submitted by the State, and shall provide technical
2 assistance, funded by the compliance penalties imposed
3 under section 412, if such data quality falls below accept-
4 able standards.

5 **“SEC. 415. COMPILATION AND REPORTING OF DATA.**

6 “(a) CURRENT PROGRAMS.—The Secretary, on the
7 basis of the Secretary’s review of the reports received from
8 the States under section 414, shall compile such data as
9 the Secretary believes necessary, and from time to time,
10 publish the findings as to the effectiveness of the programs
11 developed and administered by the States under this part.
12 The Secretary annually shall report to the Congress on
13 the programs developed and administered by each State
14 under this part.

15 “(b) RESEARCH, DEMONSTRATION AND EVALUA-
16 TION.—For each fiscal year beginning with fiscal year
17 1996, from the appropriation account providing funds for
18 grants to States for activities funded under section
19 413(a)(1), the Secretary may reserve for obligation, or
20 transfer to other accounts funding research activities, an
21 amount not to exceed 0.19 percent of the total amount
22 paid to States in the previous fiscal year for activities
23 under section 413(a)(1), and may use the reserved
24 amounts to pay costs of the following types of research,
25 demonstrations, and evaluations:

1 “(1) STATE-INITIATED RESEARCH.—States may
2 apply for grants to cover up to 90 percent of the
3 costs of self-evaluations of programs under State
4 plans approved under this part.

5 “(2) DEMONSTRATIONS.—

6 “(A) IN GENERAL.—The Secretary may
7 implement and evaluate demonstrations of inno-
8 vative and promising strategies to—

9 “(i) improve child well-being through
10 reductions in illegitimacy, teen pregnancy,
11 welfare dependency, homelessness, and
12 poverty;

13 “(ii) test promising strategies by non-
14 profit and for-profit institutions to increase
15 employment, earnings, child support pay-
16 ments, and self-sufficiency with respect to
17 temporary employment assistance clients
18 under State plans; and

19 “(iii) foster the development of child
20 care.

21 “(B) ADDITIONAL PARAMETERS.—Dem-
22 onstrations implemented under this para-
23 graph—

1 “(i) may provide one-time capital
2 funds to establish, expand, or replicate
3 programs;

4 “(ii) may test performance-based
5 grant-to-loan financing in which programs
6 meeting performance targets receive grants
7 while programs not meeting such targets
8 repay funding on a pro-rated basis; and

9 “(iii) should test strategies in multiple
10 States and types of communities.

11 “(3) FEDERAL EVALUATIONS.—

12 “(A) IN GENERAL.—The Secretary shall
13 conduct research on the effects, benefits, and
14 costs of different approaches to operating wel-
15 fare programs, including an implementation
16 study based on a representative sample of
17 States and localities, documenting the policies
18 adopted, how such policies were implemented,
19 the types and mix of services provided, and
20 such other factors as the Secretary considers
21 appropriate.

22 “(B) RESEARCH ON RELATED ISSUES.—
23 The Secretary also shall conduct research on is-
24 sues related to the purposes of this part, such
25 as strategies for moving welfare recipients into

1 the workforce quickly, reducing teen preg-
2 nancies and out-of-wedlock births, and provid-
3 ing adequate child care.

4 “(C) STATE REIMBURSEMENT.—The Sec-
5 retary may reimburse a State for any research-
6 related costs incurred pursuant to research con-
7 ducted under this paragraph.

8 “(D) USE OF RANDOM ASSIGNMENT.—
9 Evaluations authorized under this paragraph
10 should use random assignment to the maximum
11 extent feasible and appropriate.

12 “(e) STUDY BY THE CENSUS BUREAU.

13 “(1) IN GENERAL.—The Bureau of the Census
14 shall expand the Survey of Income and Program
15 Participation as necessary to obtain such informa-
16 tion as will enable interested persons to evaluate the
17 impact of the amendments made by the Work First
18 and Personal Responsibility Act of 1996 on a ran-
19 dom national sample of recipients of assistance
20 under State programs funded under this part and
21 (as appropriate) other low-income families, and in
22 doing so, shall pay particular attention to the issues
23 of out-of-wedlock birth, welfare dependency, the be-
24 ginning and end of welfare spells, and the causes of
25 repeat welfare spells.

1 “(2) APPROPRIATION.—For each of fiscal years
2 1996, 1997, 1998, 1999, 2000, 2001, and 2002,
3 from the appropriation account providing funds for
4 grants to States for activities funded under section
5 413(a)(1), the Secretary shall transfer to the Bu-
6 reau of the Census \$10,000,000 to carry out para-
7 graph (1). Such funds transferred to the Bureau of
8 the Census shall remain available for obligation by
9 the Bureau of the Census until expended.

10 **“SEC. 416. COLLECTION OF OVERPAYMENTS FROM FED-**
11 **ERAL TAX REFUNDS.**

12 “(a) IN GENERAL.—Upon receiving notice from a
13 State agency administering a plan approved under this
14 part that a named individual has been overpaid under the
15 State plan approved under this part, the Secretary of the
16 Treasury shall determine whether any amounts as refunds
17 of Federal taxes paid are payable to such individual, re-
18 gardless of whether such individual filed a tax return as
19 a married or unmarried individual. If the Secretary of the
20 Treasury finds that any such amount is payable, the Sec-
21 retary shall withhold from such refunds an amount equal
22 to the overpayment sought to be collected by the State
23 and pay such amount to the State agency.

1 “(b) REGULATIONS.—The Secretary of the Treasury
2 shall issue regulations, approved by the Secretary of
3 Health and Human Services, that provide—

4 “(1) that a State may only submit under sub-
5 section (a) requests for collection of overpayments
6 with respect to individuals—

7 “(A) who are no longer receiving tem-
8 porary employment assistance under the State
9 plan approved under this part,

10 “(B) with respect to whom the State has
11 already taken appropriate action under State
12 law against the income or resources of the indi-
13 viduals or families involved; and

14 “(C) to whom the State agency has given
15 notice of its intent to request withholding by
16 the Secretary of the Treasury from the income
17 tax refunds of such individuals;

18 “(2) that the Secretary of the Treasury will
19 give a timely and appropriate notice to any other
20 person filing a joint return with the individual whose
21 refund is subject to withholding under subsection
22 (a); and

23 “(3) the procedures that the State and the Sec-
24 retary of the Treasury will follow in carrying out
25 this section which, to the maximum extent feasible

1 and consistent with the specific provisions of this
2 section, will be the same as those issued pursuant to
3 section 464(b) applicable to collection of past-due
4 child support.

5 **“SEC. 417. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

6 “The programs under this title shall be administered
7 by an Assistant Secretary for Family Support within the
8 Department of Health and Human Services, who shall be
9 appointed by the President, by and with the advice and
10 consent of the Senate, and who shall be in addition to any
11 other Assistant Secretary of Health and Human Services
12 provided for by law. If an individual is the Assistant Sec-
13 retary for Children and Families on the day before the
14 enactment of this Act, that individual shall become the
15 Assistant Secretary for Family Support.”.

16 **SEC. 103. CONFORMING AMENDMENTS RELATING TO COL-**
17 **LECTION OF OVERPAYMENTS.**

18 (a) Section 6402 of the Internal Revenue Code of
19 1986 (relating to authority to make credits or refunds)
20 is amended—

21 (1) in subsection (a), by striking “(c) and (d)”
22 and inserting “(c), (d), and (e)”;

23 (2) by redesignating subsections (e) through (i)
24 as subsections (f) through (j), respectively; and

1 (3) by inserting after subsection (d) the follow-
2 ing:

3 “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE
4 IV–A OF THE SOCIAL SECURITY ACT.—The amount of
5 any overpayment to be refunded to the person making the
6 overpayment shall be reduced (after reductions pursuant
7 to subsections (c) and (d), but before a credit against fu-
8 ture liability for an internal revenue tax) in accordance
9 with section 416 of the Social Security Act (concerning
10 recovery of overpayments to individuals under State plans
11 approved under part A of title IV of such Act).”.

12 (b) Paragraph (10) of section 6103(l) of the Internal
13 Revenue Code of 1986 is amended—

14 (1) by striking “(c) or (d)” each place it ap-
15 pears and inserting “(c), (d), or (e)”; and

16 (2) by adding at the end of subparagraph (B)
17 the following new sentence; “Any return information
18 disclosed with respect to section 6402(e) shall only
19 be disclosed to officers and employees of the State
20 agency requesting such information.”.

21 (c) The matter preceding subparagraph (A) of section
22 6103(p)(4) of such Code is amended—

23 (1) by striking “(10),” before “(11)” and

24 (2) by inserting “(10),” after “(9),”.

1 (d) Section 552a(a)(8)(B)(iv)(III) of title 5, United
2 States Code, is amended by striking “section 464 or 1137
3 of the Social Security Act” and inserting “section 416,
4 464, or 1137 of the Social Security Act”.

5 **SEC. 104. TERRITORIES.**

6 (a) LIMITATIONS ON FEDERAL PAYMENTS.—Section
7 1108(a)(2) and (3) of the Act is amended to read as fol-
8 lows:

9 “(2) for payment to the Virgin Islands shall not
10 exceed—

11 “(A) \$2,800,000 with respect to fiscal
12 years 1994, 1995, and 1996, and

13 “(B) \$3,500,000 or, if greater, such
14 amount adjusted by the CPI (as prescribed in
15 subsection (f)) for fiscal year 1997 and each
16 fiscal year thereafter; and

17 “(3) for payment to Guam shall not exceed—

18 “(A) \$3,800,000 with respect to fiscal year
19 1994, 1995, and 1996, and

20 “(B) \$4,750,000 or, if greater, such
21 amount adjusted by the CPI (as prescribed in
22 subsection (f)), for fiscal year 1997 and each
23 fiscal year thereafter.”.

1 (b) CPI ADJUSTMENT.—Section 1108 of the Act is
2 amended by adding at the end the following new sub-
3 section:

4 “(f) For purposes of subsection (a), an amount is ‘ad-
5 justed by the CPI’ for months in a calendar year by mul-
6 tiplying that amount by the ratio of the Consumer Price
7 Index as prepared by the Department of Labor for—

8 “(1) the third quarter of the preceding calendar
9 year, to

10 “(2) the third quarter of calendar year 1996,
11 and rounding the product, if not a multiple of
12 \$10,000, to the nearer multiple of \$10,000.”.

13 **SEC. 105. EFFECTIVE DATES.**

14 (a)(1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendments made by sections 102 and 104
16 of this Act are effective with respect to calendar quarters
17 beginning on or after October 1, 1996.

18 (2)(A) Funds that would be available for obligation
19 in fiscal year 1996 under section 415 of the Social Secu-
20 rity Act (as amended by this Act) are available upon en-
21 actment.

22 (B) Amendments made by section 103 of this Act are
23 effective upon enactment.

24 (b) SPECIAL RULE.—In the case of a State that the
25 Secretary of Health and Human Services determines re-

1 quires State legislation (other than legislation appropriat-
 2 ing funds) in order to meet the requirements imposed by
 3 the amendments made by this subtitle, the State shall not
 4 be regarded as failing to comply with those requirements
 5 before the first day of the first calendar quarter beginning
 6 after the close of the first regular session of the State leg-
 7 islature that begins after the date of enactment of this
 8 Act. For purposes of this paragraph, in the case of a State
 9 that has a 2-year legislative session, each year of the ses-
 10 sion shall be treated as a separate regular session of the
 11 State legislature. Such a State, however, shall be subject
 12 to the funding provisions in section 413 of the Social Secu-
 13 rity Act (as amended by this Act) on and after October
 14 1, 1996.

15 **Subtitle B—Make Work Pay**

16 **SEC. 111. TRANSITIONAL MEDICAID BENEFITS.**

17 (a) PERMANENT EXTENSION OF AUTHORITY.—Sub-
 18 section (f) of section 1925 of the Social Security Act (42
 19 U.S.C. 1396r-6(f)) is repealed.

20 (b) EFFECTIVE DATE.—The repeal made by sub-
 21 section (a) applies to calendar quarters beginning on or
 22 after October 1, 1997, without regard to whether final
 23 regulations to carry out the repeal have been promulgated
 24 by that date.

1 **SEC. 112. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-**
2 **VIDED TO APPLICANTS AND FORMER RECIPI-**
3 **ENTS OF TEMPORARY EMPLOYMENT ASSIST-**
4 **ANCE, FOOD STAMPS, AND MEDICAID.**

5 (a) TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-
6 tion 406, as added by section 102 of this Act, is amended
7 by adding at the end the following:

8 “(i) NOTICE OF AVAILABILITY OF EITC.—The State
9 plan shall provide that the State agency shall provide writ-
10 ten notice of the existence and availability of the earned
11 income credit under section 32 of the Internal Revenue
12 Code of 1986 to—

13 “(1) any individual who applies for assistance
14 under the State plan, upon receipt of the applica-
15 tion; and

16 “(2) any recipient of assistance under the State
17 plan under this part (including any recipient of as-
18 sistance under the plan in effect before the effective
19 date of the Work First and Personal Responsibility
20 Act of 1996) whose assistance is terminated, in the
21 notice of termination of benefits.”.

22 (b) FOOD STAMPS.—Section 11(e) of the Food
23 Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by
24 sections 323(b), 330(c), and 364(1)(C) and (D) of this
25 Act, is amended—

1 (1) in paragraph (24) by striking “and” at the
2 end;

3 (2) in paragraph (25) by striking the period at
4 the end and inserting “; and”; and

5 (3) by inserting after paragraph (25) the fol-
6 lowing:

7 “(26) that whenever a household applies for
8 food stamp benefits, and at other times the Sec-
9 retary considers appropriate, the State agency shall
10 provide to each member of such household notice
11 of—

12 “(A) the existence of the earned income
13 tax credit under section 32 of the Internal Rev-
14 enue Code of 1986; and

15 “(B) the fact that such credit may be ap-
16 plicable to such member.”.

17 (c) The second sentence of section 5(a) of the Food
18 Stamp Act of 1977 (7 U.S.C. 2014(a) is amended by—

19 (1) striking “plan approved” and inserting
20 “program funded”; and

21 (2) inserting before “, supplemental security in-
22 come” the following “that limits receipt of benefits
23 to households whose gross income, as defined by the
24 State, does not exceed the poverty line, as described
25 in subsection (c), by more than 30 per cent”.

1 (d) MEDICAID.—Section 1902(a) (42 U.S.C.
2 1396a(a)) is amended—

3 (1) by striking “and” at the end of paragraph
4 (61);

5 (2) by striking the period at the end of para-
6 graph (62) and inserting “; and”; and

7 (3) by inserting after paragraph (62) the fol-
8 lowing new paragraph:

9 “(63) provide that the State shall provide notice
10 of the existence and availability of the earned income
11 tax credit under section 32 of the Internal Revenue
12 Code of 1986 to each individual applying for medical
13 assistance under the State plan and to each individ-
14 ual whose eligibility for medical assistance under the
15 State plan is terminated.”.

16 **SEC. 113. ADVANCE PAYMENT OF EARNED INCOME TAX**
17 **CREDIT THROUGH STATE DEMONSTRATION**
18 **PROGRAMS.**

19 (a) IN GENERAL.—Section 3507 of the Internal Rev-
20 enue Code of 1986 (relating to the advance payment of
21 the earned income tax credit) is amended by adding at
22 the end the following:

23 “(g) STATE DEMONSTRATIONS.—

24 “(1) IN GENERAL.—In lieu of receiving earned
25 income advance amounts from an employer under

1 subsection (a), a participating resident shall receive
2 advance earned income payments from a responsible
3 State agency pursuant to a State Advance Payment
4 Program that is designated pursuant to paragraph
5 (2).

6 “(2) DESIGNATIONS.—

7 “(A) IN GENERAL.—From among the
8 States submitting proposals satisfying the re-
9 quirements of paragraph (3), the Secretary (in
10 consultation with the Secretary of Health and
11 Human Services and the Secretary of Agri-
12 culture) may designate not more than 4 State
13 Advance Payment Demonstrations. These
14 States may operate demonstrations in areas
15 that include, in the aggregate, no more than 10
16 percent of the total number of households par-
17 ticipating in the program under the Food
18 Stamp program in the immediately preceding
19 fiscal year. Administrative costs of a State in
20 conducting a demonstration under this section
21 may be included for matching under section
22 413(a)(2) of the Social Security Act.

23 “(B) WHEN DESIGNATION MAY BE
24 MADE.—Any designation under this paragraph

1 shall be made no later than December 31,
2 1998.

3 “(C) PERIOD FOR WHICH DESIGNATION IS
4 IN EFFECT.—

5 “(i) IN GENERAL.—Designations
6 made under this paragraph shall be effective for advance earned income payments
7 made after December 31, 1998, and before
8 January 1, 2002.

10 “(ii) SPECIAL RULES.—

11 “(I) REVOCATION OF DESIGNA-
12 TIONS.—The Secretary may revoke
13 any designation made under this
14 paragraph if the Secretary determines
15 that the State is not complying substantially with the proposal described
16 in paragraph (3) submitted by the
17 State.

18 “(II) AUTOMATIC TERMINATION
19 OF DESIGNATIONS.—Any failure by a
20 State to comply with the reporting requirements described in paragraphs
21 (3)(F) and (3)(G) shall have the effect of immediately terminating the
22 designation under this paragraph and
23
24
25

1 rendering paragraph (5)(A)(ii) inap-
2 plicable to subsequent payments.

3 “(3) PROPOSALS.—No State may be designated
4 under paragraph (2) unless the State’s proposal for
5 such designation—

6 “(A) identifies the responsible State agen-
7 cy,

8 “(B) describes how and when the advance
9 earned income payments will be made by that
10 agency, including a description of any other
11 State or Federal benefits with which such pay-
12 ments will be coordinated,

13 “(C) describes how the State will obtain
14 the information on which the amount of ad-
15 vance earned income payments made to each
16 participating resident will be determined in ac-
17 cordance with paragraph (4),

18 “(D) describes how State residents who
19 will be eligible to receive advance earned income
20 payments will be selected, notified of the oppor-
21 tunity to receive advance earned income pay-
22 ments from the responsible State agency, and
23 given the opportunity to elect to participate in
24 the program,

1 “(E) describes how the State will verify, in
2 addition to receiving the certifications and
3 statement described in paragraph (7)(D)(iv),
4 the eligibility of participating residents for the
5 earned income tax credit,

6 “(F) commits the State to furnishing to
7 each participating resident, by January 31 of
8 each year a written statement showing—

9 “(i) the name and taxpayer identifica-
10 tion number of the participating resident
11 and by January 31 the amounts paid to
12 each participating resident, and

13 “(ii) the total amount of advance
14 earned income payments made to the par-
15 ticipating resident during the prior cal-
16 endar year,

17 “(G) commits the State to furnishing to
18 the Secretary by December 1 of each year a
19 written statement showing the name and tax-
20 payer identification number of each participat-
21 ing resident, and by January 31 the amounts
22 paid to each participating resident,

23 “(H) commits the State to treat any ad-
24 vance earned income payments as described in
25 paragraph (5) and any repayments of excessive

1 advance earned income payments as described
 2 in paragraph (6),

3 “(I) commits the State to assess the devel-
 4 opment and implementation of its State Ad-
 5 vance Payment Program, including an agree-
 6 ment to share its findings and lessons with
 7 other interested States in a manner to be de-
 8 scribed by the Secretary, and

9 “(J) is submitted to the Secretary on or
 10 before June 30, 1998.

11 “(4) AMOUNT AND TIMING OF ADVANCE
 12 EARNED INCOME PAYMENTS.—

13 “(A) AMOUNT.—

14 “(i) IN GENERAL.—The method for
 15 determining the amount of advance earned
 16 income payments made to each participat-
 17 ing resident shall conform to the fullest ex-
 18 tent possible with the provisions of sub-
 19 section (c).

20 “(ii) SPECIAL RULE.—A State may,
 21 at its election, apply the rules of subsection
 22 (c)(2)(B) by substituting ‘between 60 per-
 23 cent and 75 percent of the credit percent-
 24 age in effect under section 32(b)(1) for an
 25 individual with the corresponding number

1 of qualifying children’ for ‘60 percent of
2 the credit percentage in effect under sec-
3 tion 32(b)(1) for such an eligible individual
4 with 1 qualifying child’ in clause (i) and
5 ‘the same percentage (as applied in clause
6 (i))’ for ‘60 percent’ in clause (ii).

7 “(B) TIMING.—The frequency of advance
8 earned income payments may be determined on
9 the basis of the payroll periods of participating
10 residents, on a single statewide schedule, or on
11 any other reasonable basis prescribed by the
12 State in its proposal; however, in no event may
13 advance earned income payments be made to
14 any participating resident less frequently than
15 on a calendar-quarter basis.

16 “(5) PAYMENTS TO BE TREATED AS PAYMENTS
17 OF WITHHOLDING AND FICA TAXES.—

18 “(A) IN GENERAL.—For purposes of this
19 title, advance earned income payments during
20 any calendar quarter—

21 “(i) shall neither be treated as a pay-
22 ment of compensation nor be included in
23 gross income, and

24 “(ii) shall be treated as made out of—

1 “(I) amounts required to be de-
2 ducted by the State and withheld for
3 the calendar quarter by the State
4 under section 3401 (relating to wage
5 withholding),

6 “(II) amounts required to be de-
7 ducted for the calendar quarter under
8 section 3102 (relating to FICA em-
9 ployee taxes), and

10 “(III) amounts of the taxes im-
11 posed on the State for the calendar
12 quarter under section 3111 (relating
13 to FICA employer taxes), as if the
14 State had paid to the Secretary, on
15 the day on which payments are made
16 to participating residents, an amount
17 equal to such payments.

18 “(B) IF ADVANCE PAYMENTS EXCEED
19 TAXES DUE.—If for any calendar quarter the
20 aggregate amount of advance earned income
21 payments made by the responsible State agency
22 under a State Advance Payment Program ex-
23 ceeds the sum of the amounts referred to in
24 subparagraph (A)(ii) (without regard to para-
25 graph (6)(A)), each such advance earned in-

1 come payment shall be reduced by an amount
2 which bears the same ratio to such excess as
3 such advance earned income payment bears to
4 the aggregate amount of all such advance
5 earned income payments.

6 “(6) STATE REPAYMENT OF EXCESSIVE AD-
7 VANCE EARNED INCOME PAYMENTS.—

8 “(A) IN GENERAL.—Notwithstanding any
9 other provision of law, in the case of an exces-
10 sive advance earned income payment a State
11 shall be treated as having deducted and with-
12 held under section 3401 (relating to wage with-
13 holding), and as being required to pay to the
14 United States, the repayment amount during
15 the repayment calendar quarter.

16 “(B) EXCESSIVE ADVANCE EARNED IN-
17 COME PAYMENT.—For purposes of this section,
18 the term ‘excessive advance income payment’
19 means that portion of any advance earned in-
20 come payment that, when combined with other
21 advance earned income payments previously
22 made to the same participating resident during
23 the same calendar year, exceeds the amount of
24 earned income tax credit to which that partici-

1 pating resident is entitled under section 32 for
2 that year.

3 “(C) REPAYMENT AMOUNT.—For purposes
4 of this subsection, the term ‘repayment amount’
5 means an amount equal to 50 percent of the ex-
6 cess of—

7 “(i) excessive advance earned income
8 payments made by a State during a par-
9 ticular calendar year, over

10 “(ii) the sum of—

11 “(I) 4 percent of all advance
12 earned income payments made by the
13 State during that calendar year, and

14 “(II) the excessive advance
15 earned income payments made by the
16 State during that calendar year that
17 have been collected from participating
18 residents by the Secretary.

19 “(D) REPAYMENT CALENDAR QUARTER.—
20 For purposes of this subsection, the term ‘re-
21 payment calendar quarter’ means the second
22 calendar quarter of the third calendar year be-
23 ginning after the calendar year in which an ex-
24 cessive earned income payment is made.

1 “(7) DEFINITIONS.—For purposes of this sub-
2 section—

3 “(A) STATE ADVANCE PAYMENT PRO-
4 GRAM.—The term ‘State Advance Payment
5 Program’ means the program described in a
6 proposal submitted for designation under para-
7 graph (1) and designated by the Secretary
8 under paragraph (2).

9 “(B) RESPONSIBLE STATE AGENCY.—The
10 term ‘responsible State agency’ means the sin-
11 gle State agency that will be making the ad-
12 vance earned income payments to residents of
13 the State who elect to participate in a State Ad-
14 vance Payment Program.

15 “(C) ADVANCE EARNED INCOME PAY-
16 MENTS.—The term ‘advance earned income
17 payments’ means an amount paid by a respon-
18 sible State agency to residents of the State pur-
19 suant to a State Advance Payment Program.

20 “(D) PARTICIPATING RESIDENT.—The
21 term ‘participating resident’ means an individ-
22 ual who—

23 “(i) is a resident of a State that has
24 in effect a designated State Advance Pay-
25 ment Program,

1 “(ii) makes the election described in
2 paragraph (3)(D) pursuant to guidelines
3 prescribed by the State,

4 “(iii) certifies to the State the number
5 of qualifying children the individual has,
6 and

7 “(iv) provides to the State the certifi-
8 cations and statement described in sub-
9 sections (b)(1), (b)(2), (b)(3), and (b)(4)
10 (except that for purposes of this clause,
11 the term ‘any employer’ shall be sub-
12 stituted for ‘another employer’ in sub-
13 section (b)(3)), along with any other infor-
14 mation required by the State.”.

15 (b) TECHNICAL ASSISTANCE.—The Secretaries of the
16 Treasury and Health and Human Services shall jointly en-
17 sure that technical assistance is provided to State Advance
18 Payment Programs and that these programs are rigor-
19 ously evaluated.

20 (c) ANNUAL REPORTS.—The Secretary shall issue
21 annual reports detailing the extent to which—

22 (1) residents participate in the State Advance
23 Payment Programs,

24 (2) participating residents file Federal and
25 State tax returns,

1 (3) participating residents report accurately the
 2 amount of the advance earned income payments
 3 made to them by the responsible State agency dur-
 4 ing the year, and

5 (4) recipients of excessive advance earned in-
 6 come payments repay those amounts.

7 The report shall also contain an estimate of the amount
 8 of advance earned income payments made by each respon-
 9 sible State agency but not reported on the tax returns of
 10 a participating resident and the amount of excessive ad-
 11 vance earned income payments.

12 (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-
 13 poses of providing technical assistance described in sub-
 14 section (b), preparing the reports described in subsection
 15 (c), and providing grants to States in support of des-
 16 ignated State Advance Payment Programs, there are au-
 17 thorized to be appropriated in advance to the Secretary
 18 of the Treasury and the Secretary of Health and Human
 19 Services a total of \$1,400,000 for fiscal years 1999
 20 through 2001.

21 **SEC. 114. CONSOLIDATED CHILD CARE AND DEVELOPMENT**
 22 **BLOCK GRANT.**

23 (a) PURPOSE.—It is the purpose of this section to
 24 amend the Child Care and Development Block Grant Act
 25 of 1990 (referred to in this section as the “CCDBG Act”)

1 and to consolidate other child care programs into the pro-
2 gram under that Act, in order to—

3 (1) eliminate program fragmentation and create
4 a seamless system of high quality child care that al-
5 lows for continuity of care for children as parents
6 move from welfare to work;

7 (2) provide for parental choice among high
8 quality child care programs; and

9 (3) increase the availability of high quality af-
10 fordable child care in order to promote self-suffi-
11 ciency and support working families.

12 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
13 658B of the CCDBG Act (42 U.S.C. 9858) is amended
14 to read as follows:

15 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

16 “(a) AUTHORIZATION OF DISCRETIONARY APPRO-
17 PRIATIONS OF BLOCK GRANT FUNDS.—For the purpose
18 of providing child care services for eligible children
19 through the awarding of grants to States under this sub-
20 chapter (other than the grants awarded under subsection
21 (b)) by the Secretary, there are authorized to be appro-
22 priated \$2,000,000,000 for fiscal year 1996 and such
23 sums as may be necessary for fiscal years 1997 through
24 2002.

1 “(b) ENTITLEMENT TO STATES.—For the purpose of
 2 providing child care services for eligible children, in addi-
 3 tion to grants from appropriations authorized under sub-
 4 section (a), there are authorized to be appropriated and
 5 States shall be entitled to receive matching grants under
 6 section 658Ob in amounts not to exceed in total
 7 \$1,555,000,000 for fiscal year 1997, \$1,615,000,000 for
 8 fiscal year 1998, \$1,800,000,000 for fiscal year 1999,
 9 \$2,200,000,000 for fiscal year 2000, \$2,475,000,000 for
 10 fiscal year 2001, and \$2,525,000,000 for fiscal year
 11 2002.”.

12 (c) USE OF BLOCK GRANT FUNDS.—

13 (1) SERVICES TO FAMILIES IN WELFARE-TO-
 14 WORK TRANSITION.—Section 658E(c)(3)(B) of the
 15 CCDBG Act (42 U.S.C. 9858c(c)(3)(B)) is amend-
 16 ed—

17 (A) by redesignating clauses (i) and (ii) as
 18 subclauses (I) and (II), respectively, and re-
 19 aligning the margins accordingly;

20 (B) by striking “Subject” and inserting
 21 the following:

22 “(i) IN GENERAL.—Subject”; and

23 (C) by adding at the end the following new
 24 clause:

1 “(ii) SPECIAL RULES FOR FAMILIES
2 SEEKING TO BECOME OR BECOMING INDE-
3 PENDENT OF TEMPORARY EMPLOYMENT
4 ASSISTANCE.—

5 “(I) IN GENERAL.—Each State
6 agency referred to in section 658D
7 shall guarantee child care in accord-
8 ance with this Act—

9 “(aa) for any individual who
10 is participating in an education
11 or training activity (including
12 participation in a program estab-
13 lished under part F, G, or H of
14 title IV of the Social Security
15 Act) if the State agency admin-
16 istering the program under part
17 F of that title approves the activ-
18 ity and determines that the indi-
19 vidual is participating satisfac-
20 torily in the activity;

21 “(bb) for each family with a
22 needy child (as defined in section
23 402(a)(1) of the Social Security
24 Act) requiring such care, to the
25 extent that such care is deter-

1 mined by the State agency to be
2 necessary to permit an individual
3 in the family to accept employ-
4 ment or remain employed, includ-
5 ing in a community service job
6 under part F, G, or H of title IV
7 of the Social Security Act; and

8 “(cc) to the extent that the
9 State agency determines that
10 such care is necessary for the
11 employment of an individual, if
12 the family of which the individual
13 is a member has ceased to receive
14 assistance under the State plan
15 approved under part A of title IV
16 of the Social Security Act by rea-
17 son of increased hours of, or in-
18 come from, such employment, for
19 12 months after the last month
20 for which the family received as-
21 sistance described in such para-
22 graph.”.

23 (2) SET-ASIDES FOR QUALITY AND EXPAN-
24 SION.—Section 658E(c)(3)(C) of the CCDBG Act

1 (42 U.S.C. 9858c(c)(3)(C)) is amended by striking
2 “25 percent” and inserting “10 percent”.

3 (3) SUPPORT OF WELFARE-TO-WORK.—

4 (A) IN GENERAL.—Section 658E(c) of the
5 CCDBG Act (42 U.S.C. 9858c(c)) is amended
6 by adding the following:

7 “(6) SIGNIFICANT EXPENDITURES TO SUPPORT
8 WELFARE-TO-WORK TRANSITION.—The State plan
9 shall provide that the State will use significant por-
10 tions of amounts provided for child care services for
11 each of the following:

12 “(A) Families containing an individual re-
13 ceiving assistance under a State plan approved
14 under part A of title IV of the Social Security
15 Act and participating in education, job search,
16 job training, work, or workforce programs;

17 “(B) Families containing an individual
18 who—

19 “(i) has ceased to receive assistance
20 under the temporary employment assist-
21 ance program under part A of title IV of
22 the Social Security Act as a result of in-
23 creased hours of, or increased income
24 from, employment, and no longer qualifies
25 for child care assistance on the basis of re-

ceiving such assistance under part A of title IV of the Social Security Act; and

“(ii) the State determines requires such child care assistance in order to continue such employment.

“(C) Families containing an individual who—

“(i) is not described in subparagraph (A) or (B); and

“(ii) has an annual income for a fiscal year below 75 percent of the State median income.”.

(B) CONFORMING AMENDMENTS.—

(i) Section 658E(c)(3)(B)(i)(I) of the CCDBG Act, as redesignated by paragraph (1), is amended by inserting “consistent with paragraph (6)” after “child care services”.

(ii) Subsection 658F(a) is amended by striking “Nothing” and inserting “Except as provided in section 658E(c)(B)(ii), nothing”.

(4) SLIDING FEE SCALE.—Section 658E(c)(5) of the CCDBG Act (42 U.S.C. 9858e(c)(5)) is

1 amended by inserting “described in subparagraphs
2 (B) and (C) of paragraph (6)” after “families”.

3 (d) LIMITED ENTITLEMENT; ALLOCATION.—

4 (1) IN GENERAL.—The CCDBG Act (42 U.S.C.
5 9858) is amended by adding after section 6580 the
6 following new section:

7 **“SEC. 6580B. ALLOCATION OF LIMITATION ON ENTITLE-**
8 **MENT.**

9 “(a) Each State shall be entitled to payment from
10 the Secretary of an amount equal to the lesser of:

11 “(1) the Federal medical assistance percentage
12 (as defined in section 1905(b) or, as applicable, in
13 section 1118 of the Social Security Act) of the
14 amount of expenditures made by the State in provid-
15 ing child care services pursuant to this subchapter,
16 other than expenditures of funds appropriated under
17 subsection 658B(a); or

18 “(2) the limitation determined under subsection
19 (b).

20 “(b) LIMITATION ON ENTITLEMENT.—Subject to the
21 redistribution procedures under subsection (c), the limita-
22 tion for a State for a fiscal year under this paragraph shall
23 be an amount equal to the product of—

24 “(1) the sum of the total amounts of Federal
25 payments for fiscal year 1994 to the State under—

1 “(A) section 402(g)(3)(A) of the Social Se-
 2 curity Act (as that section was in effect before
 3 October 1, 1995) for amounts expended for
 4 child care pursuant to paragraph (1) of such
 5 subsection;

6 “(B) section 403(l)(1)(A) of that Act (as
 7 so in effect) for amounts expended for child
 8 care pursuant to section 402(g)(1)(A) of that
 9 Act (as so in effect), in the case of a State with
 10 respect to which section 1108 of that Act ap-
 11 plies; and

12 “(C) section 403(n) of that Act (as so in
 13 effect) for child care services pursuant to sec-
 14 tion 402(i) of that Act;

15 divided by the total amount of such Federal pay-
 16 ments to all States for fiscal year 1994; and

17 “(2) the total limitation for all States under
 18 subsection 658B(b) for such fiscal year, reduced by
 19 the amount reserved under subsection (d).

20 “(c) ADJUSTMENT OF LIMITATION; REALLOT-
 21 MENT.—

22 “(1) AVAILABILITY OF UNUSED AMOUNTS FOR
 23 REALLOTMENT.—If the Secretary determines that a
 24 State will not use the full limitation amount avail-

1 able to it for a fiscal year (as calculated under sub-
2 section (b)), the Secretary shall—

3 “(A) reduce that State’s limitation under
4 subsection (b) by the amount the Secretary de-
5 termines the State will not use; and

6 “(B) increase by no more than the amount
7 of reductions under subparagraph (A) the limi-
8 tations available to States under subsection (b)
9 that have requested an increase in their limita-
10 tions.

11 “(2) REALLOTMENT FORMULA.—Limitation in-
12 creases available under paragraph (1) shall be made
13 available to each State requesting an increase in its
14 limitation amount that bears the same ratio to the
15 total available increase in limitations as the State’s
16 historical expenditures described in subsection (b)(1)
17 bear to the sum of such historical expenditures for
18 all States requesting an increase in their limitations.

19 “(d) AMOUNTS RESERVED FOR INDIAN TRIBES.—
20 The Secretary shall reserve not more than 3 percent of
21 the amount appropriated under section 658B(b) each fis-
22 cal year for payments to Indian tribes and tribal organiza-
23 tions with applications approved under section 658Oa(c).
24 The amounts reserved under the prior sentence shall be
25 available to make grants to or enter into contracts with

1 Indian tribes or tribal organizations consistent with sec-
 2 tion 6580a(c), without a requirement of matching funds
 3 by the Indian tribes or tribal organizations.

4 “(e) SAME TREATMENT AS ALLOTMENTS.—Amounts
 5 paid to a State or Indian tribe under subsections (a) and
 6 (d) shall be subject to the same requirements under this
 7 subchapter as amounts paid from the allotment under sec-
 8 tion 6580a, except that section 658J(c) shall not apply.”.

9 (2) CONFORMING AMENDMENTS.—

10 (A) Section 658O of the CCDBG Act (42
 11 U.S.C. 9858m) is amended—

12 (i) by striking “SEC. 6580.” and in-
 13 serting “SEC. 6580a. Discretionary Appro-
 14 priations;”;

15 (ii) in subsection (a)—

16 (I) in paragraph (1), by striking
 17 “this subchapter” and inserting “sec-
 18 tion 658B(a)”; and

19 (II) in paragraph (2), by striking
 20 “658B” and inserting “658B(a)”; and

21 (iii) in subsection (b)(1), by striking
 22 “section 658B” and inserting “section
 23 658B(a)”.

1 (B) Subsection 658J(c) of the CCDBG Act
2 (42 U.S.C. 9858m) is amended by striking
3 “658O” and inserting “658Oa”.

4 (e) IMPROVING QUALITY.—

5 (1) INCREASE IN REQUIRED FUNDING.—Section
6 658G of the CCDBG Act (42 U.S.C. 9858e) is
7 amended by striking “not less than 20 percent of
8 the”.

9 (2) QUALITY IMPROVEMENT INCENTIVE INITIA-
10 TIVE.—Section 658G of the CCDBG Act (42 U.S.C.
11 9858e) is further amended—

12 (A) by adding at the end the following new
13 paragraphs:

14 “(6) BEFORE- AND AFTER-SCHOOL ACTIVI-
15 TIES.—Increasing the availability of before- and
16 after-school care.

17 “(7) INFANT CARE.—Increasing the availability
18 of child care for infants under the age of 18 months.

19 “(8) NONTRADITIONAL WORK HOURS.—Increas-
20 ing the availability of child care between the hours
21 of 5:00 p.m. and 8:00 a.m.”;

22 (B) by striking “A State” and inserting
23 “(a) IN GENERAL.—A State”; and

24 (C) by adding at the end the following new
25 subsection:

1 “(b) QUALITY IMPROVEMENT INCENTIVE INITIA-
2 TIVE.—

3 “(1) IN GENERAL.—The Secretary shall estab-
4 lish a child care quality improvement incentive ini-
5 tiative to make funds available to States that dem-
6 onstrate progress in the implementation of—

7 “(A) innovative teacher training programs
8 such as the Department of Defense staff devel-
9 opment and compensation program for child
10 care personnel; or

11 “(B) enhanced child care quality standards
12 and licensing and monitoring procedures.

13 “(2) FUNDING.—From the amounts made
14 available for each fiscal year under subsection (a),
15 the Secretary shall reserve not to exceed
16 \$25,000,000 for each such fiscal year to carry out
17 this subsection.”.

18 (f) PAYMENTS.—

19 (1) Section 658H of the CCDBG Act (42
20 U.S.C. 9858f) is repealed.

21 (2) Section 658J(a) of the CCDBG Act (42
22 U.S.C. 9858h) is amended to read as follows:

23 “(a) IN GENERAL.—Subject to the availability of ap-
24 propriations under Section 658B(a) and the limitations
25 and other requirements under 658Ob, a State that has

1 an application approved by the Secretary under section
2 658E shall be entitled to a payment in a fiscal year in
3 an amount equal to the sum of its allotment under section
4 658Oa for that year and the amount determined for that
5 State for that fiscal year under 658Ob(a).”.

6 (g) ANNUAL REPORT.—Section 658K(a) of the
7 CCDBG Act (42 U.S.C. 9858i) is amended by adding
8 after paragraph (6) the following new paragraph:

9 “(7) specifying the total amount expended by
10 the State for child care under part
11 658E(c)(3)(B)(ii), and describing the types of child
12 care provided, such as child care provided in the
13 case of a family that has ceased to receive assistance
14 under part A of title IV of the Social Security Act
15 because of increased hours of, or increased income
16 from, employment; or child care provided in the case
17 of a family that is not receiving assistance under
18 that part but would be at risk of becoming eligible
19 for such assistance if child care was not provided.”.

20 (h) PROGRAM REPEALS.—

21 (1) STATE DEPENDENT CARE GRANTS.—Sub-
22 chapter E of chapter 8 of subtitle A of title VI of
23 the Omnibus Budget Reconciliation Act of 1981 (42
24 U.S.C. 9871 et seq.) is repealed.

1 (2) CHILD DEVELOPMENT ASSOCIATE SCHOLAR-
 2 SHIP ASSISTANCE ACT.—The Child Development As-
 3 sociate Scholarship Assistance Act of 1985 (42
 4 U.S.C. 10901 et seq.) is repealed.

5 **SEC. 115. EFFECTIVE DATES.**

6 The amendments made by this subtitle are effective
 7 with respect to calendar quarters beginning on or after
 8 October 1, 1996.

9 **Subtitle C—Work First**

10 **SEC. 121. WORK FIRST PROGRAM.**

11 (a) ESTABLISHMENT AND OPERATION OF PRO-
 12 GRAM.—Title IV (42 U.S.C. 601 et seq.) is amended by
 13 striking part F and inserting the following:

14 **“PART F—WORK FIRST PROGRAM**

15 **“SEC. 481. STATE ROLE.**

16 “(a) PROGRAM REQUIREMENTS.—Each State that
 17 operates a program under part A shall establish and oper-
 18 ate a Work First program that meets the following re-
 19 quirements:

20 “(1) OBJECTIVE.—The objective of the pro-
 21 gram is for each program participant to find and
 22 hold a full-time unsubsidized paid job, and for this
 23 goal to be achieved in a cost-effective fashion.

24 “(2) METHOD.—The method of the program is
 25 to connect recipients of assistance under the State

1 plan under part A with the private sector labor mar-
2 ket as soon as possible and offer them the support
3 and skills necessary to remain in the labor market.
4 Each component of the program should be per-
5 meated with an emphasis on employment and with
6 an understanding that minimum wage jobs are a
7 stepping stone to more highly paid employment. The
8 program shall provide recipients with education,
9 training, job search and placement, work
10 supplementation, temporary subsidized jobs, or such
11 other services as the State considers necessary to
12 help a recipient obtain private sector employment.

13 “(3) JOB CREATION.—The creation of jobs,
14 with an emphasis on private sector jobs, shall be a
15 component of the program and shall be a priority for
16 each State office with responsibilities under the pro-
17 gram.

18 “(4) FORMS OF ASSISTANCE.—The State shall
19 provide assistance to participants in the program in
20 the form of education, training, job placement serv-
21 ices (including vouchers for job placement services),
22 work supplementation programs, temporary sub-
23 sidized job creation, job counseling, assistance in es-
24 tablishing microenterprises, or other services to pro-

1 vide individuals with the support and skills necessary
2 to obtain and keep employment in the private sector.

3 “(5) MUTUAL RESPONSIBILITY PLANS.—

4 “(A) IN GENERAL.—The State agency
5 shall develop a mutual responsibility plan for
6 each program participant, which will be an indi-
7 vidualized comprehensive plan, developed by the
8 State agency and the participant, to move the
9 participant into a full-time unsubsidized job.
10 The agreement should detail the education,
11 training, or skills that the individual will be re-
12 ceiving to obtain a full-time unsubsidized job,
13 and the obligations of the individual.

14 “(B)(i) HOURS OF PARTICIPATION RE-
15 QUIREMENT.—The agreement shall provide that
16 the individual, except as provided in clause (ii),
17 shall participate in activities in accordance with
18 the agreement for—

19 “(I) not fewer than 20 hours per week
20 during fiscal years 1997 and 1998;

21 “(II) not fewer than 25 hours per
22 week during fiscal year 1999; and

23 “(III) not fewer than 30 hours per
24 week thereafter.

1 “(ii) At the option of the State, a parent
2 of a child under age 6 may be required to par-
3 ticipate in such activities for fewer hours than
4 specified in clause (i) (but not fewer than 20
5 hours per week).

6 “(6) CASELOAD PARTICIPATION RATES.—The
7 program shall comply with section 488.

8 “(7) COMMUNITY SERVICE.—On and after the
9 date which is two years after the date of enactment
10 of this part, (unless the State plan under part A
11 specifically opts out of this provision) the State
12 agency shall require a parent or caretaker who—

13 “(A) is receiving assistance under part A,
14 and has received that assistance for three
15 months;

16 “(B) is not exempt from work require-
17 ments; and

18 “(C) is not participating in the programs
19 established under parts F, G, and H as deter-
20 mined under section 488, in community service
21 employment,

22 to participate in community service, with minimum
23 hours per week and tasks to be determined by the
24 State (and the State shall offer such employment to
25 the parent or caretaker).

1 “(8) NONDISPLACEMENT IN WORK ACTIVI-
2 TIES.—

3 “(A) IN GENERAL.—A State program
4 under this part or under part G or H may not
5 be operated in a manner that results in—

6 “(i) the displacement of any currently
7 employed worker or position (including
8 partial displacement such as a reduction in
9 the hours of nonovertime work, wages, or
10 employment benefits), or the impairment
11 of an existing contract for services or a col-
12 lective bargaining agreement;

13 “(ii) the employment or assignment of
14 a participant or the filling of a position
15 when

16 “(I) any other individual is on
17 layoff from the same or an equivalent
18 position, or

19 “(II) the employer has termi-
20 nated the employment of a regular
21 employee or otherwise reduced its
22 workforce with the effect of filling the
23 vacancy so created with a participant
24 subsidized under the program under
25 this part or under part G or H; or

1 “(iii) an infringement of the pro-
2 motional opportunity of a currently em-
3 ployed individual.

4 Funds available to carry out the program under
5 this part or under part G or H may not be used
6 to assist, promote, or deter union organizing.

7 “(B) ENFORCING NONDISPLACEMENT PRO-
8 TECTIONS.—

9 “(i) GRIEVANCE PROCEDURE.—Each
10 State shall establish and maintain a griev-
11 ance procedure for resolving complaints al-
12 leging violation of a prohibition or require-
13 ment of subparagraph (A). Such a proce-
14 dure shall include an opportunity for a
15 hearing. The procedure’s remedies shall in-
16 clude, but are not limited to, termination
17 or suspension of payments to the employer,
18 prohibition of the placement of the pro-
19 gram participant, reinstatement of an em-
20 ployee, and other relief to make an ag-
21 grievied employee whole.

22 “(ii) OTHER LAWS OR CONTRACTS.—
23 Nothing in clause (i) shall be construed to
24 prohibit a complainant from pursuing a
25 remedy authorized under another Federal,

1 State, or local law or a contract or collec-
2 tive bargaining agreement for a violation of
3 a prohibition or requirement of subpara-
4 graph (A).

5 “(b) ANNUAL REPORTS.—

6 “(1) COMPLIANCE WITH PERFORMANCE MEAS-
7 URES.—Each State that operates a program under
8 this part shall submit to the Secretary annual re-
9 ports on its performance relative to the performance-
10 based measures established under section 413(a)(4).

11 “(2) COMPLIANCE WITH PARTICIPATION
12 RATES.—Each State that operates a program under
13 this part for a fiscal year shall submit to the Sec-
14 retary a report on the participation rate achieved by
15 the State for the fiscal year.

16 **“SEC. 482. REVAMPED JOBS PROGRAM.**

17 “A State that establishes a program under this part
18 may operate a program similar to the program known as
19 the ‘GAIN Program’ that has been operated by Riverside
20 County, California, under this Act in effect immediately
21 before the date this part (as amended by the Work First
22 and Personal Responsibility Act of 1996) first applies to
23 the State of California.

1 **“SEC. 483. USE OF PLACEMENT COMPANIES.**

2 “(a) IN GENERAL.—A State that establishes a pro-
3 gram under this part may enter into contracts with private
4 companies (whether operated for profit or not for profit)
5 for the placement of participants in the program in posi-
6 tions of full-time employment, preferably in the private
7 sector, for wages sufficient to eliminate the need of such
8 participants for cash assistance.

9 “(b) REQUIRED CONTRACT TERMS.—Each contract
10 entered into under this section with a company shall meet
11 the following requirements:

12 “(1) PROVISION OF JOB READINESS AND SUP-
13 PORT SERVICES.—The contract shall require the
14 company to provide, to any program participant who
15 presents to the company a voucher issued under sub-
16 section (d), intensive personalized support and job
17 readiness services designed to prepare the individual
18 for employment and ensure the continued success of
19 the individual in employment.

20 “(2) PAYMENTS.—

21 “(A) IN GENERAL.—The contract shall
22 provide for payments to be made to the com-
23 pany with respect to each program participant
24 who presents to the company a voucher issued
25 under subsection (d).

1 “(B) STRUCTURE.—The contract shall
2 provide for payment of the majority of the
3 amounts under the contract with respect to a
4 program participant after the company has
5 placed the participant in a position of full-time
6 employment and the participant has been em-
7 ployed in the position for such period of not less
8 than 5 months as the State deems appropriate.

9 “(c) COMPETITIVE BIDDING REQUIRED.—Contracts
10 under this section shall be awarded only after competitive
11 bidding.

12 “(d) VOUCHERS.—The State shall issue a voucher to
13 each program participant whose mutual responsibility plan
14 provides for the use of placement companies under this
15 section, indicating that the participant is eligible for the
16 services of such a company.

17 **“SEC. 484. TEMPORARY SUBSIDIZED JOB CREATION.**

18 “A State that establishes a program under this part
19 may establish a program similar to the program known
20 as ‘JOBS Plus’ that has been operated by the State of
21 Oregon under this Act in effect immediately before the
22 date this part (as amended by the Work First and Per-
23 sonal Responsibility Act of 1996) first applies to the State
24 of Oregon.

1 **“SEC. 485. MICROENTERPRISE.**

2 “(a) GRANTS AND LOANS TO NONPROFIT ORGANIZA-
3 TIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE,
4 TRAINING, AND CREDIT TO LOW-INCOME ENTRE-
5 PRENEURS.—A State that establishes a program under
6 this part may make grants and loans to nonprofit organi-
7 zations to provide technical assistance, training, and credit
8 to low-income entrepreneurs for the purpose of establish-
9 ing microenterprises.

10 “(b) MICROENTERPRISE DEFINED.—For purposes of
11 this section, the term ‘microenterprise’ means a commer-
12 cial enterprise which has 5 or fewer employees, 1 or more
13 of whom owns the enterprise.

14 **“SEC. 486. WORK SUPPLEMENTATION PROGRAM.**

15 “(a) IN GENERAL.—A State that establishes a pro-
16 gram under this part may institute a work
17 supplementation program under which the State, to the
18 extent it considers appropriate, may reserve sums that
19 would otherwise be payable under the State plan under
20 part A to participants in the program and use the sums
21 instead for the purpose of providing and subsidizing jobs
22 for the participants (as described in subsection (c)(3)(A)
23 and (B)).

24 “(b) STATE FLEXIBILITY.—

25 “(1) Nothing in this part, or in any State plan
26 approved under part A, shall be construed to prevent

1 a State from operating (on such terms and condi-
2 tions and in such cases as the State may find to be
3 necessary or appropriate) a work supplementation
4 program in accordance with this section and section
5 484 (as in effect before the date this part (as
6 amended by the Work First and Personal Respon-
7 sibility Act of 1996) first applies to the State).

8 “(2) Notwithstanding any other provision of
9 law, a State may adjust the levels of the standards
10 of need under the State plan as the State determines
11 to be necessary and appropriate for carrying out a
12 work supplementation program under this section.

13 “(3) Notwithstanding any other provision of
14 law, a State operating a work supplementation pro-
15 gram under this section may provide that the need
16 standards in effect in those areas of the State in
17 which the program is in operation may be different
18 from the need standards in effect in the areas in
19 which the program is not in operation, and the State
20 may provide that the need standards for categories
21 of recipients may vary among such categories to the
22 extent the State determines to be appropriate on the
23 basis of ability to participate in the work
24 supplementation program.

1 “(4) Notwithstanding any other provision of
2 law, a State may make such further adjustments in
3 the amounts of assistance provided under the plan
4 to different categories of recipients (as determined
5 under paragraph (3)) in order to offset increases in
6 benefits from needs-related programs (other than
7 the State plan approved under part A) as the State
8 determines to be necessary and appropriate to fur-
9 ther the purposes of the work supplementation pro-
10 gram.

11 “(5) In determining the amounts to be reserved
12 and used for providing and subsidizing jobs under
13 this section as described in subsection (a), the State
14 may use a sampling methodology.

15 “(6) Notwithstanding any other provision of
16 law, a State operating a work supplementation pro-
17 gram under this section may reduce or eliminate the
18 amount of earned income to be disregarded under
19 the State plan to the extent the State determines to
20 be necessary and appropriate to further the purposes
21 of the work supplementation program.

22 “(c) RULES RELATING TO SUPPLEMENTED JOBS.—

23 “(1) A work supplementation program operated
24 by a State under this section may require that any
25 individual who is an eligible individual (as deter-

1 mined under paragraph (2)) shall take a supple-
2 mented job (as defined in paragraph (3)) to the ex-
3 tent that supplemented jobs are available under the
4 program. Payments by the State to individuals or to
5 employers under the work supplementation program
6 shall be treated as expenditures incurred by the
7 State for temporary employment assistance under
8 part A except as limited by subsection (d).

9 “(2) For purposes of this section, an eligible in-
10 dividual is an individual who is in a category which
11 the State determines should be eligible to participate
12 in the work supplementation program, and who
13 would, at the time of placement in the job involved,
14 be eligible for assistance under an approved State
15 plan if the State did not have a work
16 supplementation program in effect.

17 “(3) For purposes of this subsection, a supple-
18 mented job is—

19 “(A) a job provided to an eligible individ-
20 ual by the State or local agency administering
21 the State plan under part A; or

22 “(B) a job provided to an eligible individ-
23 ual by any other employer for which all or part
24 of the wages are paid by the State or local
25 agency.

1 A State may provide or subsidize under the program any
2 job which the State determines to be appropriate.

3 “(d) COST LIMITATION.—The amount of the Federal
4 payment to a State under section 413 for expenditures in-
5 curred in making payments to individuals and employers
6 under a work supplementation program under this section
7 shall not exceed the amount which would otherwise be pay-
8 able under section 413 if the family of each individual em-
9 ployed in the State program under this section had re-
10 ceived the maximum amount of assistance payable under
11 the State plan under part A to such a family with no in-
12 come (without regard to adjustments under subsection
13 (b)) for the lesser of—

14 “(1) 9 months; or

15 “(2) the number of months in which the indi-
16 vidual was employed in the program.

17 “(e) RULES OF INTERPRETATION.—

18 “(1) This section shall not be construed as re-
19 quiring the State or local agency administering the
20 State plan under this part to provide employee sta-
21 tus to an eligible individual to whom the State or
22 local agency provides a job under the work
23 supplementation program (or with respect to whom
24 the State or local agency provides all or part of the
25 wages paid to the individual by another entity under

1 the program), or as requiring any State or local
2 agency to require that an eligible individual filling a
3 job position provided by another entity under the
4 program be provided employee status by the entity
5 during the first 13 weeks the individual fills the po-
6 sition.

7 “(2) Wages paid under a work supplementation
8 program shall be considered to be earned income for
9 purposes of any provision of law.

10 “(f) PRESERVATION OF MEDICAID ELIGIBILITY.—
11 Any State that chooses to operate a work supplementation
12 program under this section shall provide that any individ-
13 ual who participates in the program, and any child or rel-
14 ative of the individual (or other individual) living in the
15 same household as the individual who would be eligible for
16 assistance under the State plan under part A if the State
17 did not have a work supplementation program, shall be
18 considered individuals receiving assistance under the State
19 plan under part A for purposes of eligibility for medical
20 assistance under the State plan approved under title XIX.

21 **“SEC. 487. PARTICIPATION RULES.**

22 A State that establishes a program under this part
23 may require any individual receiving assistance under the
24 State plan under part A to participate in the program,

1 except for an individual described in section
 2 402(c)(2)(C)(ii).

3 **“SEC. 488. CASELOAD PARTICIPATION RATES.**

4 “(a) REQUIREMENT.—A State that operates a pro-
 5 gram under this part shall achieve a participation rate for
 6 the following fiscal years of not less than the following
 7 percentage:

“Fiscal year:	Percentage:
1997	30
1998	35
1999	40
2000	45
2001	50
2002	50
2003 or later	52

8 “(b) PARTICIPATION RATE DEFINED.—

9 “(1) IN GENERAL.—As used in this subsection,
 10 the term ‘participation rate’ means, with respect to
 11 a State and a fiscal year, an amount equal to—

12 “(A)(i) the average monthly number of
 13 families receiving assistance that include an in-
 14 dividual who, during the fiscal year, participate
 15 in the State program established under this
 16 part or part G or H; plus

17 “(ii) the average monthly number of fami-
 18 lies receiving assistance that include an individ-
 19 ual working in unsubsidized employment for the
 20 number of hours specified in section
 21 481(a)(5)(B); plus

1 “(iii) the average monthly number of fami-
2 lies receiving assistance subject to a penalty de-
3 scribed in section 402(c)(1) but who have not
4 been subject to such a penalty for more than
5 three months within the preceding 12-month
6 period; divided by

7 “(B) the average monthly number of fami-
8 lies receiving assistance that include an individ-
9 ual not described in section 402(c)(2)(C)(ii) and
10 for whom a personal responsibility agreement is
11 in effect under section 403 during the fiscal
12 year.

13 “(2) SPECIAL RULE.—For each of the first six
14 months after an individual ceases to receive assist-
15 ance under a State plan approved under part A by
16 reason of having become employed in an
17 unsubsidized job, the individual shall be considered
18 to be participating in the State program established
19 under this part for the purposes of subparagraph
20 (A), and to be an adult recipient of such assistance
21 for the purposes of subparagraph (B).

22 “(c) STATE COMPLIANCE REPORTS.—Each State
23 that operates a program under this part for a fiscal year
24 shall submit to the Secretary a report on the participation
25 rate of the State for the fiscal year.

1 “(d) EFFECT OF FAILURE TO MEET PARTICIPATION
2 RATES.—

3 “(1) IN GENERAL.—If a State reports that the
4 State has failed to achieve the participation rate re-
5 quired by subsection (a) for the fiscal year, the Sec-
6 retary may make recommendations for changes in
7 the State programs established under this part and
8 part G or H. The State may elect to follow such rec-
9 ommendations, and shall demonstrate to the Sec-
10 retary how the State will achieve the required par-
11 ticipation rates.

12 “(2) SECOND CONSECUTIVE FAILURE.—Not-
13 withstanding paragraph (1), if a State fails to
14 achieve the participation rate required by subsection
15 (a) for 2 consecutive fiscal years, the Secretary
16 may—

17 “(A) require the State to make changes in
18 the State programs established under this part
19 and part G or H; and

20 “(B) reduce by up to 5 percent the amount
21 otherwise payable to the State under section
22 413(a)(1).

23 **“SEC. 489. FEDERAL ROLE.**

24 “(a) APPROVAL OF STATE PLANS.—

1 “(1) IN GENERAL.—Within 60 days after the
2 date a State submits to the Secretary a plan that
3 provides for the establishment and operation of a
4 Work First program that meets the requirements of
5 section 481, the Secretary shall approve the plan.

6 “(2) AUTHORITY TO EXTEND APPROVAL DEAD-
7 LINE.—The 60-day deadline established in para-
8 graph (1) with respect to a State may be extended
9 in accordance with an agreement between the Sec-
10 retary and the State.

11 **“PART G—WORKFARE PROGRAM**

12 **“SEC. 490. ESTABLISHMENT AND OPERATION OF PROGRAM.**

13 “(a) IN GENERAL.—A State that establishes a Work
14 First program under part F shall establish and carry out
15 either a workfare program that meets the requirements
16 of this part or a job placement voucher program under
17 part H.

18 “(b) OBJECTIVE.—The objective of the workfare pro-
19 gram is for each program participant to find and hold a
20 full-time unsubsidized paid job, and for this goal to be
21 achieved in a cost-effective fashion.

22 “(c) CASE MANAGEMENT TEAMS.—The State shall
23 assign to each program participant a case management
24 team that shall meet with the participant and assist the
25 participant to choose the most suitable workfare job under

1 subsection (e), (f), or (g) and to eventually obtain a full-
2 time unsubsidized paid job.

3 “(d) PROVISION OF JOBS.—The State shall provide
4 each participant in the program with a community service
5 job that meets the requirements of subsection (e) or a sub-
6 sidized job that meets the requirements of subsection (f)
7 or (g).

8 “(e) COMMUNITY SERVICE JOBS.—

9 “(1) IN GENERAL.—Except as provided in para-
10 graphs (2) and (3) and section 481(a)(5)(B)(ii),
11 each participant shall work for 20 hours per week
12 during fiscal years 1997 and 1998, not fewer than
13 25 hours per week during fiscal year 1999, and not
14 fewer than 30 hours thereafter in a community serv-
15 ice job, and shall be paid at a rate which is 100 per-
16 cent of the maximum amount of assistance that may
17 be provided under the State plan approved under
18 part A to a family of the same size and composition
19 with no income.

20 “(2) EXCEPTION.—

21 “(A) If the participant has obtained
22 unsubsidized part-time employment, the State
23 shall provide the participant with a part-time
24 community service job.

1 “(B) If the State provides a participant a
2 part-time community service job under subpara-
3 graph (A), the State shall ensure that the par-
4 ticipant works for not fewer than the number of
5 hours specified in paragraph (1).

6 “(3) WAGES NOT CONSIDERED EARNED IN-
7 COME.—Wages paid under a workfare program shall
8 not be considered to be earned income for purposes
9 of any provision of law.

10 “(4) COMMUNITY SERVICE JOB DEFINED.—For
11 purposes of this section, the term ‘community serv-
12 ice job’ means—

13 “(A) a job provided to a participant by the
14 State administering the State plan under part
15 A; or

16 “(B) a job provided to a participant by any
17 other employer for which all or part of the
18 wages are paid by the State.

19 A State may provide or subsidize under the program any
20 job which the State determines to be appropriate.

21 “(f) TEMPORARY SUBSIDIZED JOB CREATION.—A
22 State that establishes a workfare program under this part
23 may establish a program under this Act similar to the pro-
24 gram operated by the State of Oregon known as ‘JOBS
25 Plus’.

1 “(g) WORK SUPPLEMENTATION PROGRAM.—

2 “(1) IN GENERAL.—A State that establishes a
3 workfare program under this part may institute a
4 work supplementation program under which the
5 State, to the extent it considers appropriate, may re-
6 serve the sums that would otherwise be payable to
7 participants in the program as a community service
8 minimum wage and use the sums instead for the
9 purpose of providing and subsidizing private sector
10 jobs for the participants.

11 “(2) EMPLOYER AGREEMENT.—An employer
12 who provides a private sector job to a participant
13 under paragraph (1) shall agree to provide to the
14 participant an amount in wages equal to the poverty
15 threshold for a family of three.

16 “(h) JOB SEARCH REQUIREMENT.—The State shall
17 require each participant to spend a minimum of 5 hours
18 per week on activities related to securing unsubsidized
19 full-time employment in the private sector.

20 “(i) USE OF PLACEMENT COMPANIES.—A State that
21 establishes a workfare program under this part may enter
22 into contracts in accordance with section 483 with private
23 companies (whether operated for profit or not for profit)
24 for the placement of participants in the program in posi-
25 tions of full-time employment, preferably in the private

1 sector, for wages sufficient to eliminate the need of such
2 participants for cash assistance.

3 “(j) MAXIMUM OF 3 COMMUNITY SERVICE JOBS.—
4 A program participant may not receive more than 3 com-
5 munity service jobs under the program.

6 **“PART H—JOB PLACEMENT VOUCHER PROGRAM**

7 **“SEC. 495. JOB PLACEMENT VOUCHER PROGRAM.**

8 “A State that is not operating a workfare program
9 under part G shall establish and operate a job placement
10 voucher program under this part that meets the following
11 requirements:

12 “(1) The program shall offer each program par-
13 ticipant a voucher which the participant may use to
14 obtain employment in the private sector.

15 “(2) An employer who receives a voucher issued
16 under the program from an individual may redeem
17 the voucher at any time after the individual has been
18 employed by the employer for 6 months, unless an-
19 other employee of the employer was displaced by the
20 employment of the individual.

21 “(3) Upon presentation of a voucher by an em-
22 ployer to the State agency responsible for the admin-
23 istration of the program, the State agency shall pay
24 to the employer an amount equal to 50 percent of
25 the total amount of assistance provided under the

1 State plan under part A to the family of which the
2 individual is a member for the most recent 12
3 months for which the family was eligible for such as-
4 sistance.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 1108 of the Social Security Act (42
7 U.S.C. 1308) is amended—

8 (A) in subsection (a), by striking “or, in
9 the case of part A of title IV, section 403(k)”;
10 and

11 (B) in subsection (d), by striking “(exclu-
12 sive of any amounts on account of services and
13 items to which, in the case of part A of such
14 title, section 403(k) applies)”.

15 (2) Section 1902(a)(10)(A)(i)(I) of that Act (42
16 U.S.C. 1396a(a)(19)(A)(i)(I)) is amended—

17 (A) by striking “402(a)(37), 406(h), or”;
18 and

19 (B) by striking “482(e)(6)” and inserting
20 “486(f)”.

21 (3) Section 1928(a)(1) of that Act (42 U.S.C.
22 1396s(a)(1)) is amended by striking “482(e)(6)”
23 and inserting “486(f)”.

24 (c) INTENT OF THE CONGRESS.—The Congress in-
25 tends for State activities under section 484 of the Social

1 Security Act (as added by section 121(a) of this Act) to
2 emphasize the use of the funds that would otherwise be
3 used to provide individuals with assistance under part A
4 of title IV of the Social Security Act to subsidize the wages
5 of such individuals in temporary jobs.

6 (d) SENSE OF THE CONGRESS.—It is the sense of
7 the Congress that States should focus the resources of the
8 program under part F of title IV of the Social Security
9 Act, as amended by this subtitle, on individuals who have
10 not attained 25 years of age in order to break the cycle
11 of welfare dependency.

12 (e) EFFECTIVE DATE.—This section takes effect Oc-
13 tober 1, 1996.

14 **SEC. 122. REGULATIONS.**

15 The Secretary of Health and Human Services shall
16 prescribe such regulations as may be necessary to imple-
17 ment the amendments made by this subtitle.

18 **SEC. 123. APPLICABILITY TO STATES.**

19 (a) STATE OPTION TO ACCELERATE APPLICABIL-
20 ITY.—If a State formally notifies the Secretary of Health
21 and Human Services that the State desires to accelerate
22 the applicability to the State of the amendments made by
23 this title, the amendments shall apply to the State on and
24 after such earlier date as the State may select; provided,
25 that only funding otherwise provided for grants to States

1 to carry out part F of title IV, as that part was in effect
2 on January 1, 1996, shall be available to States to carry
3 out parts F, G, and H of title IV before October 1, 1996.

4 (b) STATE OPTION TO DELAY APPLICABILITY UNTIL
5 WAIVERS EXPIRE.—The amendments made by this sub-
6 title, other than participation requirements under sections
7 481(a)(5)(B), 481(a)(6), and 488 of the Social Security
8 Act, shall not apply to areas in a State with respect to
9 which there is in effect a waiver issued under section 1115
10 of that Act for the State program established under part
11 A of title IV of that Act, until the waiver expires, if the
12 State formally notifies the Secretary of Health and
13 Human Services that the State desires to so delay such
14 effective date and the waiver's terms and conditions have
15 been modified so that all cost comparisons reflect the
16 amendments made to part A of title IV of that Act. States
17 are subject to the funding provisions under parts A, F,
18 G, and H and the participation requirements under sec-
19 tions 481(a)(5)(B), 481(a)(6), and 488 of that Act.

20 **SEC. 124. ONE TIME INCREASES IN WORK FIRST PROGRAM**
21 **FUNDS.**

22 To the extent that the Congressional Budget Office
23 estimates that amendments made by subtitle A of this title
24 increase the sum of payments to States under section
25 413(a)(1) of the Social Security Act, title XIX of that Act,

1 and the Food Stamp Act of 1977 (excluding: (1) any ef-
 2 fects from limitations on funding for activities authorized
 3 under section 413(a)(3) of the Social Security Act, as
 4 amended by this Act, (2) any savings resulting from the
 5 State option under section 402(d)(1)(C) of the Social Se-
 6 curity Act, as amended by this Act, and (3) any savings
 7 resulting from section 416 of the Social Security Act, as
 8 amended by this Act) by less than:

9 \$170,000,000 in FY 1997,
 10 \$405,000,000 in FY 1998,
 11 \$635,000,000 in FY 1999,
 12 \$785,000,000 in FY 2000,
 13 \$775,000,000 in FY 2001 or,
 14 \$825,000,000 in FY 2002

15 then the amount(s) in section 413(a)(2)(C) of the Social
 16 Security Act for such fiscal year(s) shall be adjusted up-
 17 ward by such difference(s).

18 **Subtitle D—Pregnancy And Family** 19 **Stability**

20 **SEC. 131. SUPERVISED LIVING ARRANGEMENTS FOR MI-** 21 **NORS.**

22 (a) IN GENERAL.—Section 402(c) of the Social Secu-
 23 rity Act, as amended by section 102 of this Act, is amend-
 24 ed by adding at the end the following:

1 “(8) SUPERVISED LIVING ARRANGEMENTS FOR
2 MINORS.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), in the case of any individual
5 who is under age 18 and has never married,
6 and who has a needy child in his or her care
7 (or is pregnant and is eligible for temporary
8 employment assistance under the State plan)—

9 “(i) such individual may receive such
10 assistance for the individual and such child
11 (or for herself in the case of a pregnant
12 woman) only if such individual and child
13 (or such pregnant woman) reside in a
14 place of residence maintained by a parent,
15 legal guardian, or other adult relative of
16 such individual as such parent’s, guard-
17 ian’s, or adult relative’s own home; and

18 “(ii) such assistance (where possible)
19 shall be provided to the parent, legal
20 guardian, or other adult relative on behalf
21 of such individual and child; and

22 “(B) ALTERNATIVE APPROPRIATE AR-
23 RANGEMENTS.—

24 “(i) In the case of an individual de-
25 scribed in clause (ii)—

1 “(I) the State agency shall assist
2 such individual in locating an appro-
3 priate adult-supervised supportive liv-
4 ing arrangement, taking into consider-
5 ation the needs and concerns of the
6 individual, unless the State agency de-
7 termines that the individual’s current
8 living arrangement is appropriate, and
9 thereafter shall require that the indi-
10 vidual (and child, if any) reside in
11 such living arrangement as a condi-
12 tion of the continued receipt of assist-
13 ance under the plan (or in an alter-
14 native appropriate arrangement,
15 should circumstances change and the
16 current arrangement cease to be ap-
17 propriate), or

18 “(II) if the State agency is un-
19 able, after making diligent efforts, to
20 locate any such appropriate living ar-
21 rangement, the State agency shall
22 provide for comprehensive case man-
23 agement, monitoring, and other social
24 services consistent with the best inter-
25 ests of the individual (and child) while

1 living independently (as determined by
2 the State agency).

3 “(ii) For purposes of clause (i), an in-
4 dividual is described in this clause if—

5 “(I) such individual has no par-
6 ent or legal guardian who is living and
7 whose whereabouts are known;

8 “(II) no living parent or legal
9 guardian of such individual allows the
10 individual to live in the home of such
11 parent or guardian;

12 “(III) the State agency deter-
13 mines that the physical or emotional
14 health of such individual or any needy
15 child of the individual would be jeop-
16 ardized if such individual and such
17 needy child lived in the same resi-
18 dence with such individual’s own par-
19 ent or legal guardian; or

20 “(IV) the State agency otherwise
21 determines (in accordance with regu-
22 lations issued by the Secretary) that it
23 is in the best interest of the needy
24 child to waive the requirement of sub-

1 paragraph (A) with respect to such in-
2 dividual.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) takes effect in the same manner as the
5 amendment made by section 102 takes effect.

6 **SEC. 132. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
7 **PREGNANCY.**

8 (a) IN GENERAL.—Title XX of the Social Security
9 Act (42 U.S.C. 1397–1397f), is amended by adding at the
10 end the following:

11 **“SEC. 2008. NATIONAL CLEARINGHOUSE ON ADOLESCENT**
12 **PREGNANCY.**

13 “(a) NATIONAL CLEARINGHOUSE ON ADOLESCENT
14 PREGNANCY.—

15 “(1) ESTABLISHMENT.—The Secretary shall es-
16 tablish, through grant or contract, a national center
17 for the collection and provision of programmatic in-
18 formation and technical assistance that relates to
19 adolescent pregnancy prevention programs, to be
20 known as the ‘National Clearinghouse on Adolescent
21 Pregnancy Prevention Programs’.

22 “(2) FUNCTIONS.—The national center estab-
23 lished under paragraph (1) shall serve as a national
24 information and data clearinghouse, and as a train-
25 ing, technical assistance, and material development

1 source for adolescent pregnancy prevention pro-
2 grams including, but not limited to, abstinence pro-
3 grams. Such center shall—

4 “(A) develop and maintain a system for
5 disseminating information on all types of ado-
6 lescent pregnancy prevention programs, includ-
7 ing abstinence programs, and on the state of
8 adolescent pregnancy prevention program devel-
9 opment, including information concerning the
10 most effective model programs;

11 “(B) develop and sponsor a variety of
12 training institutes and curricula for adolescent
13 pregnancy prevention program staff, including
14 abstinence education;

15 “(C) identify model programs representing
16 the various types of adolescent pregnancy pre-
17 vention programs;

18 “(D) develop technical assistance materials
19 and activities to assist other entities in estab-
20 lishing and improving adolescent pregnancy
21 prevention programs, including abstinence edu-
22 cation;

23 “(E) develop networks of adolescent preg-
24 nancy prevention programs for the purpose of
25 sharing and disseminating information; and

1 “(F) conduct such other activities as the
 2 responsible Federal officials find will assist in
 3 developing and carrying out programs or activi-
 4 ties to reduce adolescent pregnancy.

5 “(b) FUNDING.—There are authorized to be appro-
 6 priated \$6 million for each of fiscal years 1997 through
 7 2001 to carry out this section.”.

8 (b) EFFECTIVE DATE.—The amendments made by
 9 this section become effective October 1, 1996.

10 **SEC. 133. REQUIRED COMPLETION OF HIGH SCHOOL OR**
 11 **OTHER TRAINING FOR TEENAGE PARENTS.**

12 (a) IN GENERAL.—Section 403(b)(1)(D), as added
 13 by section 102 of this Act, is amended—

14 (1) by inserting “(i)” after “(D)”; and

15 (2) by adding at the end the following:

16 “(ii) in the case of a client who is a custo-
 17 dial or expectant parent who is under age 18
 18 (or age 19, at the option of the State), has not
 19 successfully completed a high school education
 20 (or its equivalent), and is required to partici-
 21 pate in the Work First program (including an
 22 individual who would otherwise be exempt from
 23 participation in the program), shall provide
 24 that—

25 “(I) such parent shall participate in—

1 “(aa) educational activities di-
2 rected toward the attainment of a
3 high school diploma or its equivalent
4 on a full-time (as defined by the edu-
5 cational provider) basis; or

6 “(bb) an alternative educational
7 or training program on a full-time (as
8 defined by the provider) basis; and

9 “(II) child care will be provided in ac-
10 cordance with section 114 with respect to
11 the family under the Child Care and Devel-
12 opment Block Grant Act of 1990.”.

13 (b) STATE OPTION TO PROVIDE ADDITIONAL INCEN-
14 TIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS
15 TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN
16 PARENTING ACTIVITIES.—

17 (1) STATE PLAN.—Section 403(b)(1)(D), as
18 amended by subsection (a) of this section, is amend-
19 ed further by adding at the end the following:

20 “(iii) at the option of the State, may
21 provide that the client who is a custodial
22 parent or pregnant woman who is under
23 age 19 (or age 21, at the option of the
24 State) shall participate in a program of
25 monetary incentives and penalties which—

1 “(I) may, at the option of the
2 State, require full-time participation
3 by such custodial parent or pregnant
4 woman in secondary school or equiva-
5 lent educational activities, or partici-
6 pation in a course or program leading
7 to a skills certificate found appro-
8 priate by the State agency or
9 parenting education activities (or any
10 combination of such activities and sec-
11 ondary education);

12 “(II) shall require that the needs
13 of such custodial parent or pregnant
14 woman be reviewed and the program
15 assure that, either in the initial devel-
16 opment or revision of such individual’s
17 personal responsibility agreement,
18 there will be included a description of
19 the services that will be provided to
20 the client and the way in which the
21 program and service providers will co-
22 ordinate with the educational or skills
23 training activities in which the client
24 is participating;

1 “(III) shall provide monetary in-
2 centives (to be treated as assistance
3 under the State plan) for more than
4 minimally acceptable performance of
5 required educational activities;

6 “(IV) shall provide penalties
7 (which may be those required by sec-
8 tion 402(c)(1)(C) or, with the ap-
9 proval of the Secretary, other mone-
10 tary penalties that the State finds will
11 better achieve the objectives of the
12 program) for less than minimally ac-
13 ceptable performance of required ac-
14 tivities;

15 “(V) shall provide that when a
16 monetary incentive is payable because
17 of the more than minimally acceptable
18 performance of required educational
19 activities by a custodial parent or
20 pregnant woman, the incentive be
21 paid directly to the individual, regard-
22 less of whether the State agency
23 makes payment of assistance under
24 the State plan directly to the individ-
25 ual; and

1 “(VI) for purposes of any other
 2 Federal or Federally assisted program
 3 based on need, shall not consider any
 4 monetary incentive paid under the
 5 State plan as income in determining a
 6 family’s eligibility for or amount of
 7 benefits under such program, and if
 8 assistance is reduced by reason of a
 9 penalty under this clause, such other
 10 program shall treat the family in-
 11 volved as if no such penalty has been
 12 applied.”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section take effect in the same manner as the amend-
 15 ment made by section 102 takes effect.

16 **SEC. 134. SECOND CHANCE HOMES.**

17 (a) IN GENERAL.—Section 402(c) of the Social Secu-
 18 rity Act, as amended by sections 102 and 131 of this Act,
 19 is amended by adding after paragraph (8):

20 “(9) SECOND CHANCE HOMES.—

21 “(A) IN GENERAL.—States may use funds
 22 available under section 413(a)(2)(B) for the es-
 23 tablishment, operation, and support of second
 24 chance group homes for custodial parents under

age 18 (or age 19, at the option of the State) and their children.

“(B) DEFINITION OF SECOND CHANCE HOME.—For purposes of this section, the term ‘second chance home’ means an entity that provides custodial parents under age 18 (or age 19, at the option of the State) and their children with a supportive and supervised living arrangement in which the parents are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. A second chance home also may serve as a network center for other supportive services that are available in the community.

“(C) TECHNICAL ASSISTANCE.—A State may use a portion of the funds described in subparagraph (A) to purchase technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering the program funded under this section.

“(D) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the commu-

1 nity in any area in which a second chance home
2 receiving funds to be expended under this para-
3 graph is to be established. When providing
4 funds to be expended under this paragraph,
5 each State shall evaluate the community's com-
6 mitment to the establishment and planning of
7 the home.

8 “(E) LIMITATIONS ON THE USE OF
9 FUNDS.—

10 “(i) CONSTRUCTION.—Except as pro-
11 vided in clause (ii), expenditures author-
12 ized under this paragraph and section
13 413(a)(2)(B)(i)(V) may not be used by the
14 State, or any person with whom the State
15 makes arrangements to carry out the pur-
16 poses of this section, for the purchase or
17 improvement of land, or the purchase, con-
18 struction, or permanent improvement
19 (other than minor remodeling) of any
20 building or other facility.

21 “(ii) WAIVER.—The Secretary may
22 waive the limitation in clause (i) upon the
23 State's request if the Secretary finds that
24 the request describes extraordinary cir-
25 cumstances to justify such a waiver and

1 that permitting the waiver would contrib-
2 ute to the State’s ability to carry out the
3 purposes of this section.

4 “(F) RECEIPT OF PAYMENTS BY SECOND
5 CHANCE HOMES.—Section 402(c)(8)(A)(ii) (as
6 added by section 131(a) of the Work First and
7 Personal Responsibility Act of 1996), is amend-
8 ed by striking ‘or other adult relative’ and in-
9 serting ‘other adult relative, or second chance
10 home described under paragraph (9) of this
11 subsection’.”.

12 (b) FUNDING.—Section 413(a)(2)(B)(i) of the Social
13 Security Act, as added by section 102 of this Act, is
14 amended by adding at after subclause (IV) the following
15 new subclause:

16 “(V) SECOND CHANCE HOMES.—Costs
17 of establishing and operating Second
18 Chance Homes under section 402(a)(9).”.

19 (c) RECOMMENDATIONS ON USE OF GOVERNMENT
20 SURPLUS PROPERTY.—Not later than 6 months after the
21 date of the enactment of this Act, after consulting with
22 the Secretary of Defense, the Secretary of Housing and
23 Urban Development, and the Administrator of the General
24 Services Administration, the Secretary of Health and
25 Human Services shall submit recommendations to the

1 Congress on the extent to which surplus properties of the
 2 United States Government may be used for the establish-
 3 ment of second chance homes receiving funds under sec-
 4 tion 413 of the Social Security Act, as amended by this
 5 section.

6 (d) EFFECTIVE DATE.—The amendments made by
 7 subsections (a) and (b) take effect October 1, 1996.

8 **TITLE II—CHILD SUPPORT**

9 **ENFORCEMENT**

10 **Subtitle A—Eligibility for Services;**

11 **Distribution of Payments**

12 **SEC. 201. STATE OBLIGATION TO PROVIDE CHILD SUPPORT**

13 **ENFORCEMENT SERVICES.**

14 (a) STATE PLAN REQUIREMENTS.—Section 454 (42
 15 U.S.C. 654) is amended—

16 (1) by striking paragraph (4) and inserting the
 17 following new paragraph:

18 “(4) provide that the State will—

19 “(A) provide services relating to the estab-
 20 lishment of paternity or the establishment,
 21 modification, or enforcement of child support
 22 obligations, as appropriate, under the plan with
 23 respect to—

24 “(i) each child for whom

1 “(I) assistance is provided under
2 the State program funded under part
3 A of this title,

4 “(II) benefits or services for fos-
5 ter care maintenance and adoption as-
6 sistance are provided under the State
7 program funded under part B of this
8 title, or

9 “(III) medical assistance is pro-
10 vided under the State plan approved
11 under title XIX,

12 unless the State agency administering the
13 plan determines (in accordance with para-
14 graph (29)) that it is against the best in-
15 terests of the child to do so; and

16 “(ii) any other child, if an individual
17 applies for such services with respect to
18 the child; and

19 “(B) enforce any support obligation estab-
20 lished with respect to—

21 “(i) a child with respect to whom the
22 State provides services under the plan; or

23 “(ii) the custodial parent of such a
24 child;”; and

25 (2) in paragraph (6)—

1 (A) by striking “provide that” and insert-
2 ing “provide that—”;

3 (B) by striking subparagraph (A) and in-
4 serting the following new subparagraph:

5 “(A) services under the plan shall be made
6 available to residents of other States on the
7 same terms as to residents of the State submit-
8 ting the plan;”;

9 (C) in subparagraph (B), by inserting “on
10 individuals not receiving assistance under any
11 State program funded under part A” after
12 “such services shall be imposed”;

13 (D) in each of subparagraphs (B), (C),
14 (D), and (E)—

15 (i) by indenting the subparagraph in
16 the same manner as, and aligning the left
17 margin of the subparagraph with the left
18 margin of, the matter inserted by subpara-
19 graph (B) of this paragraph; and

20 (ii) by striking the final comma and
21 inserting a semicolon; and

22 (E) in subparagraph (E), by indenting
23 each of clauses (i) and (ii) 2 additional ems.

24 (b) CONTINUATION OF SERVICES FOR FAMILIES
25 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE

1 PROGRAM FUNDED UNDER PART A.—Section 454 (42
2 U.S.C. 654) is amended—

3 (1) by striking “and” at the end of paragraph
4 (23);

5 (2) by striking the period at the end of para-
6 graph (24) and inserting “; and”; and

7 (3) by adding after paragraph (24) the follow-
8 ing new paragraph:

9 “(25) provide that if a family with respect to
10 which services are provided under the plan ceases to
11 receive assistance under the State program funded
12 under part A, the State shall provide appropriate no-
13 tice to the family and continue to provide such serv-
14 ices, subject to the same conditions and on the same
15 basis as in the case of other individuals to whom
16 services are furnished under the plan, except that an
17 application or other request to continue services
18 shall not be required of such a family and paragraph
19 (6)(B) shall not apply to the family.”.

20 (c) CONFORMING AMENDMENTS.—

21 (1) Section 452(b) (42 U.S.C. 652(b)) is
22 amended by striking “454(6)” and inserting
23 “454(4)”.

1 (2) Section 452(g)(2)(A) (42 U.S.C.
2 652(g)(2)(A)) is amended by striking “454(6)” each
3 place it appears and inserting “454(4)(A)(ii)”.

4 (3) Section 466(a)(3)(B) (42 U.S.C.
5 666(a)(3)(B)) is amended by striking “in the case of
6 overdue support which a State has agreed to collect
7 under section 454(6)” and inserting “in any other
8 case”.

9 (4) Section 466(e) (42 U.S.C. 666(e)) is
10 amended by striking “paragraph (4) or (6) of sec-
11 tion 454” and inserting “section 454(4)”.

12 **SEC. 202. DISTRIBUTION OF PAYMENTS.**

13 (a) DISTRIBUTIONS THROUGH STATE CHILD SUP-
14 PORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE
15 RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is
16 amended—

17 (1) in subparagraph (A)—

18 (A) by striking “section 402(a)(26) is ef-
19 fective,” and inserting “section 403(b)(1)(E)(i)
20 is effective, except as otherwise specifically pro-
21 vided in section 464 or 466(a)(3),”; and

22 (B) by striking “except that” and all that
23 follows through the semicolon; and

24 (2) in subparagraph (B), by striking “, except”
25 and all that follows through “medical assistance”.

1 (b) DISTRIBUTION TO A FAMILY CURRENTLY RE-
2 CEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-
3 tion 457 (42 U.S.C. 657) is amended—

4 (1) by striking subsection (a) and redesignating
5 subsection (b) as subsection (a);

6 (2) in subsection (a) (as so redesignated)—

7 (A) in the matter preceding paragraph (2),
8 to read as follows:

9 “(a) IN THE CASE OF A FAMILY RECEIVING TEA.—
10 Amounts subject to section 1912 collected under this part
11 during any month as support of a child who is receiving
12 assistance under part A (or a parent or caretaker relative
13 of such a child) shall (except in the case of a State exercis-
14 ing the option under subsection (b)) be distributed as fol-
15 lows:

16 “(1) an amount equal to the amount that will
17 be disregarded pursuant to section 402(d)(2)(C)
18 shall be taken from each of—

19 “(A) the amounts received in a month
20 which represent payments for that month; and

21 “(B) the amounts received in a month
22 which represent payments for a prior month
23 which were made by the absent parent in that
24 prior month;

1 and shall be paid to the family without affecting its
2 eligibility for assistance or decreasing any amount
3 otherwise payable as assistance to such family dur-
4 ing such month;”;

5 (B) in paragraph (4), by striking “or (B)”
6 and all that follows through the period and in-
7 serting “; then (B) from any remainder,
8 amounts equal to arrearages of such support
9 obligations assigned, pursuant to part A, to any
10 other State or States shall be paid to such
11 other State or States and used to pay any such
12 arrearages (with appropriate reimbursement of
13 the Federal Government to the extent of its
14 participation in the financing); and then (C)
15 any remainder shall be paid to the family.”; and
16 (3) by inserting after subsection (a) (as so re-
17 designated) the following new subsection:

18 “(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAM-
19 ILY RECEIVING TEA.—In the case of a State electing the
20 option under this subsection, amounts collected as de-
21 scribed in subsection (a) that are not subject to section
22 1912 shall be distributed as follows:

23 “(1) an amount equal to the amount that will
24 be disregarded pursuant to section 402(d)(2)(C)
25 shall be taken from each of—

1 “(A) the amounts received in a month
2 which represent payments for that month; and

3 “(B) the amounts received in a month
4 which represent payments for a prior month
5 which were made by the absent parent in that
6 prior month;

7 and shall be paid to the family without affecting its
8 eligibility for assistance or decreasing any amount
9 otherwise payable as assistance to such family dur-
10 ing such month;

11 “(2) second, from any remainder, amounts
12 equal to the balance of support owed for the current
13 month shall be paid to the family;

14 “(3) third, from any remainder, amounts equal
15 to arrearages of such support obligations assigned,
16 pursuant to part A, to the State making the collec-
17 tion shall be retained and used by such State to pay
18 any such arrearages (with appropriate reimburse-
19 ment of the Federal Government to the extent of its
20 participation in the financing);

21 “(4) fourth, from any remainder, amounts
22 equal to arrearages of such support obligations as-
23 signed, pursuant to part A, to any other State or
24 States shall be paid to such other State or States
25 and used to pay any such arrearages (with appro-

1 prate reimbursement of the Federal Government to
2 the extent of its participation in the financing); and
3 “(5) fifth, any remainder shall be paid to the
4 family.”.

5 (c) DISTRIBUTION TO A FAMILY NOT RECEIVING
6 TEA.—Section 457(c) (42 U.S.C.657(c)) is amended to
7 read as follows:

8 “(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RE-
9 CEIVING TEA.—Amounts that are not subject to section
10 1912 collected by a State agency under this part during
11 any month as support of a child who is not receiving as-
12 sistance under part A (or of a parent or caretaker relative
13 of such a child) shall (subject to the remaining provisions
14 of this section) be distributed as follows:

15 “(1) first, amounts equal to the total of such
16 support owed for such month shall be paid to the
17 family;

18 “(2) second, from any remainder, amounts
19 equal to arrearages of such support obligations that
20 have not been assigned to the State for months dur-
21 ing which such child did not receive assistance under
22 part A shall be paid to the family;

23 “(3) third, from any remainder, amounts equal
24 to arrearages of such support obligations assigned to
25 the State making the collection pursuant to part A

1 shall be retained and used by such State to pay any
 2 such arrearages (with appropriate reimbursement of
 3 the Federal Government to the extent of its partici-
 4 pation in the financing); and

5 “(4) fourth, from any remainder, amounts
 6 equal to arrearages of such support obligations as-
 7 signed to any other State pursuant to part A shall
 8 be paid to such other State or States, and used to
 9 pay such arrearages, in the order in which such ar-
 10 rearages accrued (with appropriate reimbursement
 11 of the Federal Government to the extent of its par-
 12 ticipation in the financing).”.

13 (d) DISTRIBUTION TO A CHILD RECEIVING ASSIST-
 14 ANCE UNDER TITLE IV–E.—Section 457(d) (42 U.S.C.
 15 657(d)) is amended, in the matter preceding paragraph
 16 (1), by striking “Notwithstanding the preceding provisions
 17 of this section, amounts” and inserting the following:

18 “(d) DISTRIBUTIONS IN THE CASE OF A CHILD RE-
 19 CEIVING ASSISTANCE UNDER TITLE IV–E.—Amounts”.

20 (e) REGULATIONS.—The Secretary of Health and
 21 Human Services shall promulgate regulations under part
 22 A of title IV of the Social Security Act, establishing stand-
 23 ards applicable to the States electing the alternative for-
 24 mula under section 457(b) of such Act for distribution of
 25 collections on behalf of families receiving temporary em-

1 ployment assistance, designed to minimize irregular
2 monthly payments to such families.

3 (f) CONFORMING AMENDMENTS CONCERNING COL-
4 LECTION OF CHILD SUPPORT ARREARAGES THROUGH IN-
5 COME TAX REFUND OFFSET.—

6 (1) Section 6402(c) of the Internal Revenue
7 Code of 1986 is amended by striking the third sen-
8 tence after “past due support has been paid to the
9 State”.

10 (2) Section 6402(d)(2) of such Code is amend-
11 ed in the first sentence by striking “after” and in-
12 serting “before” and by striking “with respect to
13 past-due support collected pursuant to an assign-
14 ment under section 402(a)(26) of the Social Security
15 Act and”.

16 (3) Section 464(a) (42 U.S.C. 664) is amend-
17 ed—

18 (A) by striking “(a)” and inserting “(a)
19 OFFSET AUTHORIZED.—”;

20 (B) in paragraph (1)—

21 (i) in the first sentence, by striking
22 “which has been assigned to such State
23 pursuant to section 402(a)(26) or section
24 471(a)(17)”; and

1 (ii) in the second sentence, by striking
2 “in accordance with section 457(b)(4) or
3 (d)(3)” and inserting “as provided in para-
4 graph (2)”;

5 (C) by amending paragraph (2) to read as
6 follows:

7 “(2) The State agency shall distribute amounts
8 paid by the Secretary of the Treasury pursuant to
9 paragraph (1)—

10 “(A) in accordance with section 457(a)(4)
11 or (d)(3), in the case of past-due support as-
12 signed to a State under part A of title IV of the
13 Social Security Act; and

14 “(B) to or on behalf of the child to whom
15 the support was owed, in the case of past-due
16 support not so assigned.”; and

17 (D) in paragraph (3)—

18 (i) by striking “or (2)” each place it
19 appears; and

20 (ii) in subparagraph (B), by striking
21 “under paragraph (2)” and inserting “on
22 account of past-due support described in
23 paragraph (2)(B)”;

24 (4) Section 464(b) is amended—

1 (A) by striking “(b)(1)” and inserting “(b)
2 REGULATIONS.—”; and

3 (B) by striking paragraph (2).

4 (5) Section 464(c) is amended—

5 (A) by striking “(c)(1) Except as provided
6 in paragraph (2), as” and inserting “(c) DEFINITION.—As”; and

8 (B) by striking paragraphs (2) and (3).

9 (g) CLERICAL AMENDMENTS.—Section 454 (42
10 U.S.C. 654) is amended—

11 (1) in paragraph (11)—

12 (A) by striking “(11)” and inserting
13 “(11)(A)”; and

14 (B) by inserting after the semicolon “and”;
15 and

16 (2) by redesignating paragraph (12) as sub-
17 paragraph (B) of paragraph (11).

18 (h) EFFECTIVE DATES.—

19 (1) IN GENERAL.—Except as otherwise pro-
20 vided in this subsection, the amendments made by
21 this section become effective on October 1, 1996.

22 (2) FAMILY NOT RECEIVING TEA.—The amend-
23 ments made by subsections (c) and (f)(3), (4), and
24 (5) become effective on October 1, 1999.

25 (3) SPECIAL RULES.—

1 (A) APPLICABILITY.—A State may elect to
 2 have the amendments made by any subsection
 3 of this section become effective only with re-
 4 spect to child support cases beginning on or
 5 after the effective date of such subsection.

6 (B) DELAYED IMPLEMENTATION.—A State
 7 may elect to have the amendments made by this
 8 section (other than subsections (c) and (f)) be-
 9 come effective on a date later than October 1,
 10 1996, which date shall coincide with the oper-
 11 ation of the single statewide automated data
 12 processing and information retrieval system re-
 13 quired by section 454A of the Social Security
 14 Act (as added by section 244(a)(2) of this Act)
 15 and the State disbursement unit required by
 16 section 454B of the Social Security Act (as
 17 added by section 212(b) of this Act).

18 **SEC. 203. PRIVACY SAFEGUARDS.**

19 (a) STATE PLAN REQUIREMENT.—Section 454 (42
 20 U.S.C. 654), as amended by section 201(b) of this Act,
 21 is amended—

22 (1) by striking “and” at the end of paragraph
 23 (24);

24 (2) by striking the period at the end of para-
 25 graph (25) and inserting “; and”; and

1 (3) by adding after paragraph (25) the follow-
2 ing new paragraph:

3 “(26) will have in effect safeguards, applicable
4 to all confidential information handled by the State
5 agency, that are designed to protect the privacy
6 rights of the parties, including—

7 “(A) safeguards against unauthorized use
8 or disclosure of information relating to proceed-
9 ings or actions to establish paternity, or to es-
10 tablish or enforce support;

11 “(B) prohibitions against the release of in-
12 formation on the whereabouts of one party to
13 another party against whom a protective order
14 with respect to the former party has been en-
15 tered; and

16 “(C) prohibitions against the release of in-
17 formation on the whereabouts of one party to
18 another party if the State has reason to believe
19 that the release of the information may result
20 in physical or emotional harm to the former
21 party.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) becomes effective on October 1, 1997.

1 **SEC. 204. RIGHTS TO NOTIFICATION.**

2 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
3 amended by section 202(g) of this Act, is amended by in-
4 serting after paragraph (11) the following new paragraph:

5 “(12) provide for the establishment of proce-
6 dures to require the State to provide individuals who
7 are applying for or receiving services under the State
8 plan, or who are parties to cases in which services
9 are being provided under the State plan—

10 “(A) with notice of all proceedings in
11 which support obligations might be established
12 or modified; and

13 “(B) with a copy of any order establishing
14 or modifying a child support obligation, or (in
15 the case of a petition for modification) a notice
16 of determination that there should be no change
17 in the amount of the child support award, with-
18 in 14 days after issuance of such order or de-
19 termination;”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) becomes effective on October 1, 1997.

Subtitle B—Locate and Case Tracking

3 SEC. 211. STATE CASE REGISTRY.

4 Section 454A, as added by section 244(a)(2) of this
5 Act, is amended by adding at the end the following new
6 subsections:

7 “(e) STATE CASE REGISTRY.—

8 “(1) CONTENTS.—The automated system re-
9 quired by this section shall include a registry (which
10 shall be known as the ‘State case registry’) that con-
11 tains records with respect to—

12 “(A) each case in which services are being
13 provided by the State agency under the State
14 plan approved under this part; and

15 “(B) each support order established or
16 modified in the State on or after October 1,
17 1998.

18 “(2) LINKING OF LOCAL REGISTRIES.—The
19 State case registry may be established by linking
20 local case registries of support orders through an
21 automated information network, subject to this sec-
22 tion.

23 “(3) USE OF STANDARDIZED DATA ELE-
24 MENTS.—Such records shall use standardized data
25 elements for both parents (such as names, social se-

1 security numbers and other uniform identification
2 numbers, dates of birth, and case identification
3 numbers), and contain such other information (such
4 as information on case status) as the Secretary may
5 require.

6 “(4) PAYMENT RECORDS.—Each case record in
7 the State case registry with respect to which services
8 are being provided under the State plan approved
9 under this part and with respect to which a support
10 order has been established shall include a record
11 of—

12 “(A) the amount of monthly (or other peri-
13 odic) support owed under the order, and other
14 amounts (including arrearages, interest or late
15 payment penalties, and fees) due or overdue
16 under the order;

17 “(B) any amount described in subpara-
18 graph (A) that has been collected;

19 “(C) the distribution of such collected
20 amounts;

21 “(D) the birth date of any child for whom
22 the order requires the provision of support; and

23 “(E) the amount of any lien imposed with
24 respect to the order pursuant to section
25 466(a)(4).

1 “(5) UPDATING AND MONITORING.—The State
2 agency operating the automated system required by
3 this section shall promptly establish and maintain,
4 and regularly monitor, case records in the State case
5 registry with respect to which services are being pro-
6 vided under the State plan approved under this part,
7 on the basis of—

8 “(A) information on administrative actions
9 and administrative and judicial proceedings and
10 orders relating to paternity and support;

11 “(B) information obtained from compari-
12 son with Federal, State, or local sources of in-
13 formation;

14 “(C) information on support collections
15 and distributions; and

16 “(D) any other relevant information.

17 “(f) INFORMATION COMPARISONS AND OTHER DIS-
18 CLOSURES OF INFORMATION.—The State shall use the
19 automated system required by this section to extract infor-
20 mation from (at such times, and in such standardized for-
21 mat or formats, as may be required by the Secretary), to
22 share and compare information with, and to receive infor-
23 mation from, other data bases and information compari-
24 son services, in order to obtain (or provide) information
25 necessary to enable the State agency (or the Secretary or

1 other State or Federal agencies) to carry out this part,
2 subject to section 6103 of the Internal Revenue Code of
3 1986. Such information comparison activities shall include
4 the following:

5 “(1) FEDERAL CASE REGISTRY OF CHILD SUP-
6 PORT ORDERS.—Furnishing to the Federal Case
7 Registry of Child Support Orders established under
8 section 453(h) (and update as necessary, with infor-
9 mation including notice of expiration of orders) the
10 minimum amount of information on child support
11 cases recorded in the State case registry that is nec-
12 essary to operate the registry (as specified by the
13 Secretary in regulations).

14 “(2) FEDERAL PARENT LOCATOR SERVICE.—
15 Exchanging information with the Federal Parent
16 Locator Service for the purposes specified in section
17 453.

18 “(3) TEMPORARY EMPLOYMENT ASSISTANCE
19 AND MEDICAID AGENCIES.—Exchanging information
20 with State agencies (of the State and of other
21 States) administering programs under part A, pro-
22 grams under State plans under title XIX, and other
23 programs designated by the Secretary, as necessary
24 to perform State agency responsibilities under this
25 part and under such programs.

1 “(4) INTRASTATE AND INTERSTATE INFORMA-
 2 TION COMPARISONS.—Exchanging information with
 3 other agencies of the State, agencies of other States,
 4 and interstate information networks, as necessary
 5 and appropriate to carry out (or assist other States
 6 to carry out) the purposes of this part.”.

7 **SEC. 212. COLLECTION AND DISBURSEMENT OF SUPPORT**
 8 **PAYMENTS.**

9 (a) STATE PLAN REQUIREMENT.—Section 454 (42
 10 U.S.C. 654), as amended by sections 201(b) and 203(a)
 11 of this Act, is amended—

12 (1) by striking “and” at the end of paragraph
 13 (25);

14 (2) by striking the period at the end of para-
 15 graph (26) and inserting “; and”; and

16 (3) by adding after paragraph (26) the follow-
 17 ing new paragraph:

18 “(27) provide that, on and after October 1,
 19 1998, the State agency will—

20 “(A) operate a State disbursement unit in
 21 accordance with section 454B; and

22 “(B) have sufficient State staff (consisting
 23 of State employees) and (at State option) con-
 24 tractors reporting directly to the State agency
 25 to—

1 “(i) monitor and enforce support col-
 2 lections through the unit in cases being en-
 3 forced by the State pursuant to section
 4 454(4) (including carrying out the auto-
 5 mated data processing responsibilities de-
 6 scribed in section 454A(g)); and

7 “(ii) take the actions described in sec-
 8 tion 466(c)(1) in appropriate cases.”.

9 (b) ESTABLISHMENT OF STATE DISBURSEMENT
 10 UNIT.—Part D of title IV (42 U.S.C. 651–669), as
 11 amended by section 245(a)(2) of this Act, is amended by
 12 inserting after section 454A the following new section:

13 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-**
 14 **PORT PAYMENTS.**

15 “(a) STATE DISBURSEMENT UNIT.—

16 “(1) IN GENERAL.—In order for a State to
 17 meet the requirements of this section, the State
 18 agency must establish and operate a unit (which
 19 shall be known as the ‘State disbursement unit’) for
 20 the collection and disbursement of payments under
 21 support orders—

22 “(A) in all cases being enforced by the
 23 State pursuant to section 454(4); and

24 “(B) in all cases not being enforced by the
 25 State under this part in which the support

1 order is initially issued in the State on or after
2 January 1, 1994, and in which the wages of the
3 absent parent are subject to withholding pursu-
4 ant to section 466(a)(8)(B).

5 “(2) OPERATION.—The State disbursement
6 unit shall be operated—

7 “(A) directly by the State agency (or 2 or
8 more State agencies under a regional coopera-
9 tive agreement), or (to the extent appropriate)
10 by a contractor responsible directly to the State
11 agency; and

12 “(B) except in cases described in para-
13 graph (1)(B), in coordination with the auto-
14 mated system established by the State pursuant
15 to section 454A.

16 “(3) LINKING OF LOCAL DISBURSEMENT
17 UNITS.—The State disbursement unit may be estab-
18 lished by linking local disbursement units through
19 an automated information network, subject to this
20 section, if the Secretary agrees that the system will
21 not cost more nor take more time to establish or op-
22 erate than a centralized system. In addition, employ-
23 ers shall be given 1 location to which income with-
24 holding is sent.

1 “(b) REQUIRED PROCEDURES.—The State disburse-
2 ment unit shall use automated procedures, electronic proc-
3 esses, and computer-driven technology to the maximum
4 extent feasible, efficient, and economical, for the collection
5 and disbursement of support payments, including proce-
6 dures—

7 “(1) for receipt of payments from parents, em-
8 ployers, and other States, and for disbursements to
9 custodial parents and other obligees, the State agen-
10 cy, and the agencies of other States;

11 “(2) for accurate identification of payments;

12 “(3) to ensure prompt disbursement of the cus-
13 todial parent’s share of any payment; and

14 “(4) to furnish to any parent, upon request,
15 timely information on the current status of support
16 payments under an order requiring payments to be
17 made by or to the parent.

18 “(c) TIMING OF DISBURSEMENTS.—

19 “(1) IN GENERAL.—Except as provided in para-
20 graph (2), the State disbursement unit shall distrib-
21 ute all amounts payable under section 457(a) within
22 2 business days after receipt from the employer or
23 other source of periodic income, if sufficient infor-
24 mation identifying the payee is provided.

1 “(2) PERMISSIVE RETENTION OF ARREAR-
2 AGES.—The State disbursement unit may delay the
3 distribution of collections toward arrearages until
4 the resolution of any timely appeal with respect to
5 such arrearages.

6 “(d) BUSINESS DAY DEFINED.—As used in this sec-
7 tion, the term ‘business day’ means a day on which State
8 offices are open for regular business.”.

9 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
10 added by section 245(a)(2) and as amended by section 211
11 of this Act, is amended by adding at the end the following
12 new subsection:

13 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT
14 PAYMENTS.—

15 “(1) IN GENERAL.—The State shall use the
16 automated system required by this section, to the
17 maximum extent feasible, to assist and facilitate the
18 collection and disbursement of support payments
19 through the State disbursement unit operated under
20 section 454B, through the performance of functions,
21 including, at a minimum—

22 “(A) transmission of orders and notices to
23 employers (and other debtors) for the withhold-
24 ing of wages and other income—

1 “(i) within 2 business days after re-
 2 ceipt from a court, another State, an em-
 3 ployer, the Federal Parent Locator Service,
 4 or another source recognized by the State
 5 of notice of, and the income source subject
 6 to, such withholding; and

7 “(ii) using uniform formats prescribed
 8 by the Secretary;

9 “(B) ongoing monitoring to promptly iden-
 10 tify failures to make timely payment of support;
 11 and

12 “(C) automatic use of enforcement proce-
 13 dures (including procedures authorized pursu-
 14 ant to section 466(c)) if payments are not time-
 15 ly made.

16 “(2) BUSINESS DAY DEFINED.—As used in
 17 paragraph (1), the term ‘business day’ means a day
 18 on which State offices are open for regular busi-
 19 ness.”.

20 (d) EFFECTIVE DATE.—The amendments made by
 21 this section become effective on October 1, 1998.

22 **SEC. 213. STATE DIRECTORY OF NEW HIRES.**

23 (a) STATE PLAN REQUIREMENT.—Section 454 (42
 24 U.S.C. 654), as amended by sections 201(b), 203(a) and
 25 212(a) of this Act, is amended—

1 (1) by striking “and” at the end of paragraph
2 (26);

3 (2) by striking the period at the end of para-
4 graph (27) and inserting “; and”; and

5 (3) by adding after paragraph (27) the follow-
6 ing new paragraph:

7 “(28) provide that, on and after October 1,
8 1997, the State will operate a State Directory of
9 New Hires in accordance with section 453A.”.

10 (b) STATE DIRECTORY OF NEW HIRES.—Part D of
11 title IV (42 U.S.C. 651–669) is amended by inserting
12 after section 453 the following new section:

13 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

14 **“(a) ESTABLISHMENT.—**

15 **“(1) IN GENERAL.—**

16 **“(A) REQUIREMENT FOR STATES THAT**
17 **HAVE NO DIRECTORY.—**Except as provided in
18 subparagraph (B), not later than October 1,
19 1997, each State shall establish an automated
20 directory (to be known as the ‘State Directory
21 of New Hires’) which shall contain information
22 supplied in accordance with subsection (b) by
23 employers on each newly hired employee.

24 **“(B) STATES WITH NEW HIRE REPORTING**
25 **IN EXISTENCE.—**A State which has a new hire

1 reporting law in existence on the date of the en-
2 actment of this section may continue to operate
3 under the State law, but the State must meet
4 the requirements of this section (other than
5 subsection (f)) not later than October 1, 1997.

6 “(2) DEFINITIONS.—As used in this section:

7 “(A) EMPLOYEE.—The term ‘employee’—

8 “(i) means an individual who is an
9 employee within the meaning of chapter 24
10 of the Internal Revenue Code of 1986; and

11 “(ii) does not include an employee of
12 a Federal or State agency performing in-
13 telligence or counterintelligence functions,
14 if the head of such agency has determined
15 that reporting pursuant to paragraph (1)
16 with respect to the employee could endan-
17 ger the safety of the employee or com-
18 promise an ongoing investigation or intel-
19 ligence mission.

20 “(B) EMPLOYER.—

21 “(i) IN GENERAL.—The term ‘em-
22 ployer’ has the meaning given such term in
23 section 3401(d) of the Internal Revenue
24 Code of 1996 and includes any govern-
25 mental entity and any labor organization.

1 “(ii) LABOR ORGANIZATION.—The
2 term ‘labor organization’ has the meaning
3 given such term in section 2(5) of the Na-
4 tional Labor Relations Act, and includes
5 any entity (also known as a ‘hiring hall’)
6 which is used by the organization and an
7 employer to carry out requirements de-
8 scribed in section 8(f)(3) of such Act of an
9 agreement between the organization and
10 the employer.

11 “(b) EMPLOYER INFORMATION.—

12 “(1) REPORTING REQUIREMENT.—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraphs (B) and (C), each employer shall
15 furnish to the Directory of New Hires of the
16 State in which a newly hired employee works, a
17 report that contains the name, address, and so-
18 cial security number of the employee, and the
19 name and address of, and identifying number
20 assigned under section 6109 of the Internal
21 Revenue Code of 1986 to, the employer.

22 “(B) MULTISTATE EMPLOYERS.—An em-
23 ployer that has employees who are employed in
24 2 or more States and that transmits reports
25 magnetically or electronically may comply with

1 subparagraph (A) by designating 1 State in
2 which such employer has employees to which
3 the employer will transmit the report described
4 in subparagraph (A), and transmitting such re-
5 port to such State. Any employer that transmits
6 reports pursuant to this subparagraph shall no-
7 tify the Secretary in writing as to which State
8 such employer designates for the purpose of
9 sending reports.

10 “(C) FEDERAL GOVERNMENT EMPLOY-
11 ERS.—Any department, agency, or instrumen-
12 tality of the United States shall comply with
13 subparagraph (A) by transmitting the report
14 described in subparagraph (A) to the National
15 Directory of New Hires established pursuant to
16 section 453.

17 “(2) TIMING OF REPORT.—Each State may
18 provide the time within which the report required by
19 paragraph (1) shall be made with respect to an em-
20 ployee, but such report shall be made—

21 “(A) not later than 20 days after the date
22 the employer hires the employee; or

23 “(B) in the case of an employer transmit-
24 ting reports magnetically or electronically, by 2

1 monthly transmissions (if necessary) not less
2 than 12 days nor more than 16 days apart.

3 “(c) REPORTING FORMAT AND METHOD.—Each re-
4 port required by subsection (b) shall be made on a W-
5 4 form or, at the option of the employer, an equivalent
6 form, and may be transmitted by 1st class mail, magneti-
7 cally, or electronically.

8 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
9 EMPLOYERS.—The State shall have the option to set a
10 State civil money penalty which does not exceed—

11 “(1) \$25; or

12 “(2) \$500 if, under State law, the failure is the
13 result of a conspiracy between the employer and the
14 employee to not supply the required report or to
15 supply a false or incomplete report.

16 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-
17 mation shall be entered into the data base maintained by
18 the State Directory of New Hires within 5 business days
19 of receipt from an employer pursuant to subsection (b).

20 “(f) INFORMATION COMPARISONS.—

21 “(1) IN GENERAL.—Not later than May 1,
22 1998, an agency designated by the State shall, di-
23 rectly or by contract, conduct automated compari-
24 sons of the social security numbers reported by em-
25 ployers pursuant to subsection (b) and the social se-

1 security numbers appearing in the records of the State
2 case registry for cases being enforced under the
3 State plan.

4 “(2) NOTICE OF MATCH.—When an information
5 comparison conducted under paragraph (1) reveals a
6 match with respect to the social security number of
7 an individual required to provide support under a
8 support order, the State Directory of New Hires
9 shall provide the agency administering the State
10 plan approved under this part of the appropriate
11 State with the name, address, and social security
12 number of the employee to whom the social security
13 number is assigned, and the name of, and identify-
14 ing number assigned under section 6109 of the In-
15 ternal Revenue Code of 1986 to the employer.

16 “(g) TRANSMISSION OF INFORMATION.—

17 “(1) TRANSMISSION OF WAGE WITHHOLDING
18 NOTICES TO EMPLOYERS.—Within 2 business days
19 after the date information regarding a newly hired
20 employee is entered into the State Directory of New
21 Hires, the State agency enforcing the employee’s
22 child support obligation shall transmit a notice to
23 the employer of the employee directing the employer
24 to withhold from the wages of the employee an
25 amount equal to the monthly (or other periodic)

1 child support obligation (including any past due sup-
2 port obligation) of the employee, unless the employ-
3 ee's wages are not subject to withholding pursuant
4 to section 466(b)(3).

5 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-
6 TORY OF NEW HIRES.—

7 “(A) NEW HIRE INFORMATION.—Within 3
8 business days after the date information re-
9 garding a newly hired employee is entered into
10 the State Directory of New Hires, the State Di-
11 rectory of New Hires shall furnish the informa-
12 tion to the National Directory of New Hires.

13 “(B) WAGE AND UNEMPLOYMENT COM-
14 PENSATION INFORMATION.—The State Direc-
15 tory of New Hires shall, on a quarterly basis,
16 furnish to the National Directory of New Hires
17 extracts of the reports required under section
18 303(a)(6) to be made to the Secretary of Labor
19 concerning the wages and unemployment com-
20 pensation paid to individuals, by such dates, in
21 such format, and containing such information
22 as the Secretary of Health and Human Services
23 shall specify in regulations.

1 “(3) BUSINESS DAY DEFINED.—As used in this
2 subsection, the term ‘business day’ means a day on
3 which State offices are open for regular business.

4 “(h) OTHER USES OF NEW HIRE INFORMATION.—

5 “(1) LOCATION OF CHILD SUPPORT OBLI-
6 GORS.—The agency administering the State plan ap-
7 proved under this part shall use information received
8 pursuant to subsection (f)(2) to locate individuals
9 for purposes of establishing paternity and establish-
10 ing, modifying, and enforcing child support obliga-
11 tions.

12 “(2) VERIFICATION OF ELIGIBILITY FOR CER-
13 TAIN PROGRAMS.—A State agency responsible for
14 administering a program specified in section 1137(b)
15 shall have access to information reported by employ-
16 ers pursuant to subsection (b) of this section for
17 purposes of verifying eligibility for the program.

18 “(3) ADMINISTRATION OF EMPLOYMENT SECU-
19 RITY AND WORKERS’ COMPENSATION.—State agen-
20 cies operating employment security and workers’
21 compensation programs shall have access to informa-
22 tion reported by employers pursuant to subsection
23 (b) for the purposes of administering such pro-
24 grams.”.

1 (c) QUARTERLY WAGE REPORTING.—Section
 2 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

3 (1) by inserting “(including State and local gov-
 4 ernmental entities and labor organizations (as de-
 5 fined in section 453A(a)(2)(B)(iii))” after “employ-
 6 ers”; and

7 (2) by inserting “, and except that no report
 8 shall be filed with respect to an employee of a State
 9 or local agency performing intelligence or counter-
 10 intelligence functions, if the head of such agency has
 11 determined that filing such a report could endanger
 12 the safety of the employee or compromise an ongo-
 13 ing investigation or intelligence mission” after
 14 “paragraph (2)”.

15 **SEC. 214. AMENDMENTS CONCERNING INCOME WITHHOLD-**
 16 **ING.**

17 (a) MANDATORY INCOME WITHHOLDING.—

18 (1) IN GENERAL.—Section 466(a)(1) (42
 19 U.S.C. 666(a)(1)) is amended to read as follows:

20 “(1)(A) Procedures described in subsection (b)
 21 for the withholding from income of amounts payable
 22 as support in cases subject to enforcement under the
 23 State plan.

24 “(B) Procedures under which the wages of a
 25 person with a support obligation imposed by a sup-

1 port order issued (or modified) in the State before
2 October 1, 1996, if not otherwise subject to with-
3 holding under subsection (b), shall become subject
4 to withholding as provided in subsection (b) if ar-
5 rearages occur, without the need for a judicial or
6 administrative hearing.”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 466(b) (42 U.S.C. 666(b)) is
9 amended in the matter preceding paragraph
10 (1), by striking “subsection (a)(1)” and insert-
11 ing “subsection (a)(1)(A)”.

12 (B) Section 466(b)(4) (42 U.S.C.
13 666(b)(4)) is amended to read as follows:

14 “(4)(A) Such withholding must be carried out in full
15 compliance with all procedural due process requirements
16 of the State, and the State must send notice to each non-
17 custodial parent to whom paragraph (1) applies—

18 “(i) that the withholding has commenced; and

19 “(ii) of the procedures to follow if the noncusto-
20 dial parent desires to contest such withholding on
21 the grounds that the withholding or the amount
22 withheld is improper due to a mistake of fact.

23 “(B) The notice under subparagraph (A) of this
24 paragraph shall include the information provided to the
25 employer under paragraph (6)(A).”.

1 (C) Section 466(b)(5) (42 U.S.C.
2 666(b)(5)) is amended by striking all that fol-
3 lows “administered by” and inserting “the
4 State through the State disbursement unit es-
5 tablished pursuant to section 454B, in accord-
6 ance with the requirements of section 454B.”.

7 (D) Section 466(b)(6)(A) (42 U.S.C.
8 666(b)(6)(A)) is amended—

9 (i) in clause (i), by striking “to the
10 appropriate agency” and all that follows
11 and inserting “to the State disbursement
12 unit within 2 business days after the date
13 the amount would (but for this subsection)
14 have been paid or credited to the employee,
15 for distribution in accordance with this
16 part. The employer shall comply with the
17 procedural rules relating to income with-
18 holding of the State in which the employee
19 works, regardless of the State where the
20 notice originates.”,

21 (ii) in clause (ii), by inserting “be in
22 a standard format prescribed by the Sec-
23 retary, and” after “shall”; and

24 (iii) by adding at the end the follow-
25 ing new clause:

1 “(iii) As used in this subparagraph,
2 the term ‘business day’ means a day on
3 which State offices are open for regular
4 business.”.

5 (E) Section 466(b)(6)(D) (42 U.S.C.
6 666(b)(6)(D)) is amended by striking “any em-
7 ployer” and all that follows and inserting “any
8 employer who—

9 “(i) discharges from employment, re-
10 fuses to employ, or takes disciplinary ac-
11 tion against any noncustodial parent sub-
12 ject to wage withholding required by this
13 subsection because of the existence of such
14 withholding and the obligations or addi-
15 tional obligations which it imposes upon
16 the employer; or

17 “(ii) fails to withhold support from
18 wages, or to pay such amounts to the
19 State disbursement unit in accordance with
20 this subsection.”.

21 (F) Section 466(b) (42 U.S.C. 666(b)) is
22 amended by adding at the end the following
23 new paragraph:

24 “(11) Procedures under which the agency ad-
25 ministering the State plan approved under this part

1 may execute a withholding order without advance
2 notice to the obligor, including issuing the withhold-
3 ing order through electronic means.”.

4 (b) CONFORMING AMENDMENT.—Section 466(c) (42
5 U.S.C. 666(c)) is repealed.

6 **SEC. 215. LOCATOR INFORMATION FROM INTERSTATE NET-**
7 **WORKS.**

8 Section 466(a) (42 U.S.C. 666(a)) is amended by
9 adding at the end the following new paragraph:

10 “(12) LOCATOR INFORMATION FROM INTER-
11 STATE NETWORKS.—Procedures to ensure that all
12 Federal and State agencies conducting activities
13 under this part have access to any system used by
14 the State to locate an individual for purposes relat-
15 ing to motor vehicles or law enforcement.”.

16 **SEC. 216. EXPANSION OF THE FEDERAL PARENT LOCATOR**
17 **SERVICE.**

18 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-
19 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is
20 amended—

21 (1) in subsection (a), by striking all that follows
22 subsection (c))” and inserting “, for the purpose of
23 establishing parentage, establishing, setting the
24 amount of, modifying, or enforcing child support ob-

1 ligations, or enforcing child custody or visitation or-
2 ders—

3 “(1) information on, or facilitating the discov-
4 ery of, the location of any individual—

5 “(A) who is under an obligation to pay
6 child support or provide child custody or visita-
7 tion rights;

8 “(B) against whom such an obligation is
9 sought; or

10 “(C) to whom such an obligation is owed,
11 including the individual’s social security number
12 (or numbers), most recent address, and the
13 name, address, and employer identification
14 number of the individual’s employer;

15 “(2) information on the individual’s wages (or
16 other income) from, and benefits of, employment (in-
17 cluding rights to or enrollment in group health care
18 coverage); and

19 “(3) information on the type, status, location,
20 and amount of any assets of, or debts owed by or
21 to, any such individual.”; and

22 (2) in subsection (b)—

23 (A) in the matter preceding paragraph (1),
24 by striking “social security” and all that follows

through “absent parent” and inserting “information described in subsection (a)”; and

(B) in the flush paragraph at the end, by adding the following: “No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).”.

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking “support” and inserting “support or to seek to enforce orders providing child custody or visitation rights”; and

(2) in paragraph (2), by striking “, or any agent of such court; and” and inserting “or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;”.

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.

1 653(e)(2)) is amended in the 4th sentence by inserting
 2 “in an amount which the Secretary determines to be rea-
 3 sonable payment for the information exchange (which
 4 amount shall not include payment for the costs of obtain-
 5 ing, compiling, or maintaining the information)” before
 6 the period.

7 (d) REIMBURSEMENT FOR REPORTS BY STATE
 8 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by
 9 adding at the end the following new subsection:

10 “(g) REIMBURSEMENT FOR REPORTS BY STATE
 11 AGENCIES.—The Secretary may reimburse Federal and
 12 State agencies for the costs incurred by such entities in
 13 furnishing information requested by the Secretary under
 14 this section in an amount which the Secretary determines
 15 to be reasonable payment for the information exchange
 16 (which amount shall not include payment for the costs of
 17 obtaining, compiling, or maintaining the information).”.

18 (e) CONFORMING AMENDMENTS.—

19 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
 20 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),
 21 653(b), 663(a), 663(e), and 663(f)) are each amend-
 22 ed by inserting “Federal” before “Parent” each
 23 place such term appears.

1 (2) Section 453 (42 U.S.C. 653) is amended in
2 the heading by adding “FEDERAL” before “PAR-
3 ENT”.

4 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
5 653), as amended by subsection (d) of this section, is
6 amended by adding at the end the following new sub-
7 sections:

8 “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT
9 ORDERS.—

10 “(1) IN GENERAL.—Not later than October 1,
11 1998, in order to assist States in administering pro-
12 grams under State plans approved under this part
13 and programs funded under part A, and for the
14 other purposes specified in this section, the Sec-
15 retary shall establish and maintain in the Federal
16 Parent Locator Service an automated registry
17 (which shall be known as the ‘Federal Case Registry
18 of Child Support Orders’), which shall contain ab-
19 stracts of support orders and other information de-
20 scribed in paragraph (2) with respect to each case
21 in each State case registry maintained pursuant to
22 section 454A(e), as furnished (and regularly up-
23 dated), pursuant to section 454A(f), by State agen-
24 cies administering programs under this part.

1 “(2) CASE INFORMATION.—The information re-
2 ferred to in paragraph (1) with respect to a case
3 shall be such information as the Secretary may
4 specify in regulations (including the names, social
5 security numbers or other uniform identification
6 numbers, and State case identification numbers) to
7 identify the individuals who owe or are owed support
8 (or with respect to or on behalf of whom support ob-
9 ligations are sought to be established), and the State
10 or States which have the case.

11 “(i) NATIONAL DIRECTORY OF NEW HIRES.—

12 “(1) IN GENERAL.—In order to assist States in
13 administering programs under State plans approved
14 under this part and programs funded under part A,
15 and for the other purposes specified in this section,
16 the Secretary, not later than April 1, 1997, shall es-
17 tablish and maintain in the Federal Parent Locator
18 Service an automated directory to be known as the
19 National Directory of New Hires, which shall con-
20 tain the information supplied pursuant to section
21 453A(g)(2).

22 “(2) ENTRY OF DATA.—Information shall be
23 entered into the data base maintained by the Na-
24 tional Directory of New Hires within 2 business
25 days of receipt pursuant to section 453A(g)(2).

1 “(3) ADMINISTRATION OF FEDERAL TAX
2 LAWS.—The Secretary of the Treasury shall have
3 access to the information in the National Directory
4 of New Hires for purposes of administering section
5 32 of the Internal Revenue Code of 1986, or the ad-
6 vance payment of the earned income tax credit
7 under section 3507 of such Code, and verifying a
8 claim with respect to employment in a tax return.

9 “(4) LIST OF MULTISTATE EMPLOYERS.—The
10 Secretary shall maintain within the National Direc-
11 tory of New Hires a list of multistate employers that
12 report information regarding newly hired employees
13 pursuant to section 453A(b)(1)(B), and the State
14 which each such employer has designated to receive
15 such information.

16 “(j) INFORMATION COMPARISONS AND OTHER DIS-
17 CLOSURES.—

18 “(1) VERIFICATION BY SOCIAL SECURITY AD-
19 MINISTRATION.—

20 “(A) IN GENERAL.—The Secretary shall
21 transmit information on individuals and em-
22 ployers maintained under this section to the So-
23 cial Security Administration to the extent nec-
24 essary for verification in accordance with sub-
25 paragraph (B).

1 “(B) VERIFICATION BY SSA.—The Social
2 Security Administration shall verify the accu-
3 racy of, correct, or supply to the extent pos-
4 sible, and report to the Secretary, the following
5 information supplied by the Secretary pursuant
6 to subparagraph (A):

7 “(i) The name, social security num-
8 ber, and birth date of each such individual.

9 “(ii) The employer identification num-
10 ber of each such employer.

11 “(2) INFORMATION COMPARISONS.—For the
12 purpose of locating individuals in a paternity estab-
13 lishment case or a case involving the establishment,
14 modification, or enforcement of a support order, the
15 Secretary shall—

16 “(A) compare information in the National
17 Directory of New Hires against information in
18 the support case abstracts in the Federal Case
19 Registry of Child Support Orders not less often
20 than every 2 business days; and

21 “(B) within 2 such days after such a com-
22 parison reveals a match with respect to an indi-
23 vidual, report the information to the State
24 agency responsible for the case.

1 “(3) INFORMATION COMPARISONS AND DISCLO-
2 SURES OF INFORMATION IN ALL REGISTRIES FOR
3 TITLE IV PROGRAM PURPOSES.—To the extent and
4 with the frequency that the Secretary determines to
5 be effective in assisting States to carry out their re-
6 sponsibilities under programs operated under this
7 part and programs funded under part A, the Sec-
8 retary shall—

9 “(A) compare the information in each com-
10 ponent of the Federal Parent Locator Service
11 maintained under this section against the infor-
12 mation in each other such component (other
13 than the comparison required by paragraph
14 (2)), and report instances in which such a com-
15 parison reveals a match with respect to an indi-
16 vidual to State agencies operating such pro-
17 grams; and

18 “(B) disclose information in such registries
19 to such State agencies.

20 “(4) PROVISION OF NEW HIRE INFORMATION
21 TO THE SOCIAL SECURITY ADMINISTRATION.—The
22 National Directory of New Hires shall provide the
23 Commissioner of Social Security with all information
24 in the National Directory, which shall be used to de-
25 termine the accuracy of payments under the supple-

1 mental security income program under title XVI and
2 in connection with benefits under title II.

3 “(5) RESEARCH.—The Secretary may provide
4 access to information reported by employers pursu-
5 ant to section 453A(b) for research purposes found
6 by the Secretary to be likely to contribute to achiev-
7 ing the purposes of part A or this part, but without
8 personal identifiers.

9 “(k) FEES.—

10 “(1) FOR SSA VERIFICATION.—The Secretary
11 shall reimburse the Commissioner of Social Security,
12 at a rate negotiated between the Secretary and the
13 Commissioner, for the costs incurred by the Com-
14 missioner in performing the verification services de-
15 scribed in subsection (j).

16 “(2) FOR INFORMATION FROM STATE DIREC-
17 TORIES OF NEW HIRES.—The Secretary shall reim-
18 burse costs incurred by State directories of new
19 hires in furnishing information as required by sub-
20 section (j)(3), at rates which the Secretary deter-
21 mines to be reasonable (which rates shall not include
22 payment for the costs of obtaining, compiling, or
23 maintaining such information).

24 “(3) FOR INFORMATION FURNISHED TO STATE
25 AND FEDERAL AGENCIES.—A State or Federal agen-

1 cy that receives information from the Secretary pur-
2 suant to this section shall reimburse the Secretary
3 for costs incurred by the Secretary in furnishing the
4 information, at rates which the Secretary determines
5 to be reasonable (which rates shall include payment
6 for the costs of obtaining, verifying, maintaining,
7 and comparing the information).

8 “(l) RESTRICTION ON DISCLOSURE AND USE.—In-
9 formation in the Federal Parent Locator Service, and in-
10 formation resulting from comparisons using such informa-
11 tion, shall not be used or disclosed except as expressly pro-
12 vided in this section, subject to section 6103 of the Inter-
13 nal Revenue Code of 1986.

14 “(m) INFORMATION INTEGRITY AND SECURITY.—
15 The Secretary shall establish and implement safeguards
16 with respect to the entities established under this section
17 designed to—

18 “(1) ensure the accuracy and completeness of
19 information in the Federal Parent Locator Service;
20 and

21 “(2) restrict access to confidential information
22 in the Federal Parent Locator Service to authorized
23 persons, and restrict use of such information to au-
24 thorized purposes.

1 “(n) FEDERAL GOVERNMENT REPORTING.—Each
 2 department, agency, and instrumentality of the United
 3 States on a quarterly basis shall report to the Federal
 4 Parent Locator Service the name and social security num-
 5 ber of each employee and the wages paid to the employee
 6 during the previous quarter, except that such a report
 7 shall not be filed with respect to an employee of a depart-
 8 ment, agency, or instrumentality performing intelligence
 9 or counterintelligence functions, if the head of such de-
 10 partment, agency, or instrumentality has determined that
 11 filing such a report could endanger the safety of the em-
 12 ployee or compromise an ongoing investigation or intel-
 13 ligence mission.”.

14 (g) CONFORMING AMENDMENTS.—

15 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
 16 CURITY ACT.—

17 (A) Section 454(8)(B) (42 U.S.C.
 18 654(8)(B)) is amended to read as follows:

19 “(B) the Federal Parent Locator Service
 20 established under section 453;”.

21 (B) Section 454(13) (42 U.S.C. 654(13))
 22 is amended by inserting “and provide that in-
 23 formation requests by parents who are residents
 24 of other States be treated with the same prior-
 25 ity as requests by parents who are residents of

1 the State submitting the plan” before the semi-
2 colon.

3 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
4 Section 3304(a)(16) of the Internal Revenue Code of
5 1986 is amended—

6 (A) by striking “Secretary of Health, Edu-
7 cation, and Welfare” each place such term ap-
8 pears and inserting “Secretary of Health and
9 Human Services”;

10 (B) in subparagraph (B), by striking
11 “such information” and all that follows and in-
12 serting “information furnished under subpara-
13 graph (A) or (B) is used only for the purposes
14 authorized under such subparagraph;”;

15 (C) by striking “and” at the end of sub-
16 paragraph (A);

17 (D) by redesignating subparagraph (B) as
18 subparagraph (C); and

19 (E) by inserting after subparagraph (A)
20 the following new subparagraph:

21 “(B) wage and unemployment compensa-
22 tion information contained in the records of
23 such agency shall be furnished to the Secretary
24 of Health and Human Services (in accordance
25 with regulations promulgated by such Sec-

1 retary) as necessary for the purposes of the Na-
2 tional Directory of New Hires established under
3 section 453(i) of the Social Security Act, and”.

4 (3) TO STATE GRANT PROGRAM UNDER TITLE
5 III OF THE SOCIAL SECURITY ACT.—Subsection (h)
6 of section 303 (42 U.S.C. 503) is amended to read
7 as follows:

8 “(h)(1) The State agency charged with the adminis-
9 tration of the State law shall, on a reimbursable basis—

10 “(A) disclose quarterly, to the Secretary of
11 Health and Human Services, wage and claim infor-
12 mation, as required pursuant to section 453(i)(1),
13 contained in the records of such agency;

14 “(B) ensure that information provided pursuant
15 to subparagraph (A) meets such standards relating
16 to correctness and verification as the Secretary of
17 Health and Human Services, with the concurrence
18 of the Secretary of Labor, may find necessary; and

19 “(C) establish such safeguards as the Secretary
20 of Labor determines are necessary to insure that in-
21 formation disclosed under subparagraph (A) is used
22 only for purposes of section 453(i)(1) in carrying out
23 the child support enforcement program under title
24 IV.

1 “(2) Whenever the Secretary of Labor, after reason-
2 able notice and opportunity for hearing to the State agen-
3 cy charged with the administration of the State law, finds
4 that there is a failure to comply substantially with the re-
5 quirements of paragraph (1), the Secretary of Labor shall
6 notify such State agency that further payments will not
7 be made to the State until the Secretary of Labor is satis-
8 fied that there is no longer any such failure. Until the
9 Secretary of Labor is so satisfied, the Secretary shall
10 make no future certification to the Secretary of the Treas-
11 ury with respect to the State.

12 “(3) For purposes of this subsection—

13 “(A) the term ‘wage information’ means infor-
14 mation regarding wages paid to an individual, the
15 social security account number of such individual,
16 and the name, address, State, and the Federal em-
17 ployer identification number of the employer paying
18 such wages to such individual; and

19 “(B) the term ‘claim information’ means infor-
20 mation regarding whether an individual is receiving,
21 has received, or has made application for, unemploy-
22 ment compensation, the amount of any such com-
23 pensation being received (or to be received by such
24 individual), and the individual’s current (or most re-
25 cent) home address.”.

1 (4) DISCLOSURE OF CERTAIN INFORMATION TO
2 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-
3 CIES.—

4 “(A) IN GENERAL.—Paragraph (6) of sec-
5 tion 6103(l) of the Internal Revenue Code of
6 1986 (relating to disclosure of return informa-
7 tion to Federal, State, and local child support
8 enforcement agencies) is amended by redesign-
9 nating subparagraph (B) as subparagraph (C)
10 and by inserting after subparagraph (A) the fol-
11 lowing new subparagraph:

12 “(B) DISCLOSURE TO CERTAIN AGENTS.—
13 The following information disclosed to any child
14 support enforcement agency under subpara-
15 graph (A) with respect to any individual with
16 respect to whom child support obligations are
17 sought to be established or enforced may be dis-
18 closed by such agency to any agent of such
19 agency which is under contract with such agen-
20 cy to carry out the purposes described in sub-
21 paragraph (C):

22 “(i) The address and social security
23 account number (or numbers) of such indi-
24 vidual.

1 “(ii) The amount of any reduction
2 under section 6402(c) (relating to offset of
3 past-due support against overpayments) in
4 any overpayment otherwise payable to such
5 individual.”.

6 (B) CONFORMING AMENDMENTS.—

7 (i) Paragraph (3) of section 6103(a)
8 of such Code is amended by striking
9 “(l)(12)” and inserting “paragraph (6) or
10 (12) of subsection (l)”.

11 (ii) Subparagraph (C) of section
12 6103(l)(6) of such Code, as redesignated
13 by subsection (a), is amended to read as
14 follows:

15 “(C) RESTRICTION ON DISCLOSURE.—In-
16 formation may be disclosed under this para-
17 graph only for purposes of, and to the extent
18 necessary in, establishing and collecting child
19 support obligations from, and locating, individ-
20 uals owing such obligations.”.

21 (iii) The material following subpara-
22 graph (F) of section 6103(p)(4) of such
23 Code is amended by striking “subsection
24 (l)(12)(B)” and inserting “paragraph
25 (6)(A) or (12)(B) of subsection (l)”.

1 **SEC. 217. COLLECTION AND USE OF SOCIAL SECURITY**
2 **NUMBERS FOR USE IN CHILD SUPPORT EN-**
3 **FORCEMENT.**

4 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
5 U.S.C. 666(a)), as amended by section 215 of this Act,
6 is amended by adding at the end the following new para-
7 graph:

8 “(13) RECORDING OF SOCIAL SECURITY NUM-
9 BERS IN CERTAIN MATTERS.—Procedures requiring
10 that the social security number of—

11 “(A) any applicant for a professional li-
12 cense, commercial driver’s license, occupational
13 license, or marriage license be recorded on the
14 application;

15 “(B) any individual who is subject to a di-
16 vorce decree, support order, or paternity deter-
17 mination or acknowledgment be placed in the
18 records relating to the matter; and

19 “(C) any individual who has died be placed
20 in the records relating to the death and be re-
21 corded on the death certificate.

22 For purposes of subparagraph (A), if a State allows
23 the use of a number other than the social security
24 number, the State shall so advise any applicants.”.

25 (b) CONFORMING AMENDMENTS.—Section
26 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)) is amended—

1 (1) in clause (i), by striking “may require” and
2 inserting “shall require”;

3 (2) in clause (ii), by inserting after the first
4 sentence the following: “In the administration of any
5 law involving the issuance of a marriage certificate
6 or license, each State shall require each party named
7 in the certificate or license to furnish to the State
8 (or political subdivision thereof), or any State agen-
9 cy having administrative responsibility for the law
10 involved, the social security number of the party.”;

11 (3) in clause (ii), by inserting “or marriage cer-
12 tificate” after “Such numbers shall not be recorded
13 on the birth certificate”.

14 (4) in clause (vi), by striking “may” and insert-
15 ing “shall”; and

16 (5) by adding at the end the following new
17 clauses:

18 “(x) An agency of a State (or a politi-
19 cal subdivision thereof) charged with the
20 administration of any law concerning the
21 issuance or renewal of a license, certificate,
22 permit, or other authorization to engage in
23 a profession, an occupation, or a commer-
24 cial activity shall require all applicants for
25 issuance or renewal of the license, certifi-

1 cate, permit, or other authorization to pro-
 2 vide the applicant’s social security number
 3 to the agency for the purpose of admin-
 4 istering such laws, and for the purpose of
 5 responding to requests for information
 6 from an agency operating pursuant to part
 7 D of title IV.

8 “(xi) All divorce decrees, support or-
 9 ders, and paternity determinations issued,
 10 and all paternity acknowledgments made,
 11 in each State shall include the social secu-
 12 rity number of each party to the decree,
 13 order, determination, or acknowledgment
 14 in the records relating to the matter, for
 15 the purpose of responding to requests for
 16 information from an agency operating pur-
 17 suant to part D of title IV.”.

18 **Subtitle C—Streamlining and** 19 **Uniformity of Procedures**

20 **SEC. 221. ADOPTION OF UNIFORM STATE LAWS.**

21 Section 466 (42 U.S.C. 666) is amended by adding
 22 at the end the following new subsection:

23 “(f) UNIFORM INTERSTATE FAMILY SUPPORT
 24 ACT.—

1 “(1) ENACTMENT AND USE.—In order to sat-
 2 isfy section 454(20)(A), on and after January 1,
 3 1998, each State must have in effect the Uniform
 4 Interstate Family Support Act, as approved by the
 5 American Bar Association on February 9, 1993, to-
 6 gether with any amendments officially adopted be-
 7 fore January 1, 1998 by the National Conference of
 8 Commissioners on Uniform State Laws.

9 “(2) EMPLOYERS TO FOLLOW PROCEDURAL
 10 RULES OF STATE WHERE EMPLOYEE WORKS.—The
 11 State law enacted pursuant to paragraph (1) shall
 12 provide that an employer that receives an income
 13 withholding order or notice pursuant to section 501
 14 of the Uniform Interstate Family Support Act shall
 15 follow the procedural rules that apply with respect to
 16 such order or notice under the laws of the State in
 17 which the obligor is employed.”.

18 **SEC. 222. IMPROVEMENTS TO FULL FAITH AND CREDIT**
 19 **FOR CHILD SUPPORT ORDERS.**

20 Section 1738B of title 28, United States Code, is
 21 amended—

22 (1) in subsection (a)(2), by striking “subsection
 23 (e)” and inserting “subsections (e), (f), and (i)”;

24 (2) in subsection (b), by inserting after the 2nd
 25 undesignated paragraph the following: “‘child’s

1 home State’ means the State in which a child lived
2 with a parent or a person acting as parent for at
3 least 6 consecutive months immediately preceding
4 the time of filing of a petition or comparable plead-
5 ing for support and, if a child is less than 6 months
6 old, the State in which the child lived from birth
7 with any of them. A period of temporary absence of
8 any of them is counted as part of the 6-month pe-
9 riod.”;

10 (3) in subsection (c), by inserting “by a court
11 of a State” before “is made”;

12 (4) in subsection (c)(1), by inserting “and sub-
13 sections (e), (f), and (g)” after “located”;

14 (5) in subsection (d)—

15 (A) by inserting “individual” before “con-
16 testant”; and

17 (B) by striking “subsection (e)” and in-
18 serting “subsections (e) and (f)”;

19 (6) in subsection (e), by striking “make a modi-
20 fication of a child support order with respect to a
21 child that is made” and inserting “modify a child
22 support order issued”;

23 (7) in subsection (e)(1), by inserting “pursuant
24 to subsection (i)” before the semicolon;

25 (8) in subsection (e)(2)—

1 (A) by inserting “individual” before “con-
2 testant” each place such term appears; and

3 (B) by striking “to that court’s making the
4 modification and assuming” and inserting “with
5 the State of continuing, exclusive jurisdiction
6 for a court of another State to modify the order
7 and assume”;

8 (9) by redesignating subsections (f) and (g) as
9 subsections (g) and (h), respectively;

10 (10) by inserting after subsection (e) the follow-
11 ing new subsection:

12 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—
13 If 1 or more child support orders have been issued in this
14 or another State with regard to an obligor and a child,
15 a court shall apply the following rules in determining
16 which order to recognize for purposes of continuing, exclu-
17 sive jurisdiction and enforcement:

18 “(1) If only 1 court has issued a child support
19 order, the order of that court must be recognized.

20 “(2) If 2 or more courts have issued child sup-
21 port orders for the same obligor and child, and only
22 1 of the courts would have continuing, exclusive ju-
23 risdiction under this section, the order of that court
24 must be recognized.

1 “(3) If 2 or more courts have issued child sup-
2 port orders for the same obligor and child, and more
3 than 1 of the courts would have continuing, exclusive
4 jurisdiction under this section, an order issued by a
5 court in the current home State of the child must
6 be recognized, but if an order has not been issued
7 in the current home State of the child, the order
8 most recently issued must be recognized.

9 “(4) If 2 or more courts have issued child sup-
10 port orders for the same obligor and child, and none
11 of the courts would have continuing, exclusive juris-
12 diction under this section, a court may issue a child
13 support order, which must be recognized.

14 “(5) The court that has issued an order recog-
15 nized under this subsection is the court having con-
16 tinuing, exclusive jurisdiction.”;

17 (11) in subsection (g) (as so redesignated)—

18 (A) by striking “PRIOR” and inserting
19 “MODIFIED”; and

20 (B) by striking “subsection (e)” and in-
21 serting “subsections (e) and (f)”;

22 (12) in subsection (h) (as so redesignated)—

23 (A) in paragraph (2), by inserting “includ-
24 ing the duration of current payments and other
25 obligations of support” before the comma; and

1 (B) in paragraph (3), by inserting “arrears
2 under” after “enforce”; and

3 (13) by adding at the end the following new
4 subsection:

5 “(i) REGISTRATION FOR MODIFICATION.—If there is
6 no individual contestant or child residing in the issuing
7 State, the party or support enforcement agency seeking
8 to modify, or to modify and enforce, a child support order
9 issued in another State shall register that order in a State
10 with jurisdiction over the nonmovant for the purpose of
11 modification.”.

12 **SEC. 223. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE**
13 **CASES.**

14 Section 466(a) (42 U.S.C. 666(a)), as amended by
15 sections 215 and 217(a) of this Act, is amended by adding
16 at the end the following new paragraph:

17 “(14) ADMINISTRATIVE ENFORCEMENT IN
18 INTERSTATE CASES.—Procedures under which—

19 “(A) the State shall respond within 5 busi-
20 ness days to a request made by another State
21 to enforce a support order (and for this purpose
22 the term ‘business day’ means a day on which
23 State offices are open for regular business);

24 “(B) the State may, by electronic or other
25 means, transmit to another State a request for

1 assistance in a case involving the enforcement
2 of a support order, which request—

3 “(i) shall include such information as
4 will enable the State to which the request
5 is transmitted to compare the information
6 about the case to the information in the
7 data bases of the State; and

8 “(ii) shall constitute a certification by
9 the requesting State—

10 “(I) of the amount of support
11 under the order the payment of which
12 is in arrears; and

13 “(II) that the requesting State
14 has complied with all procedural due
15 process requirements applicable to the
16 case;

17 “(C) if the State provides assistance to an-
18 other State pursuant to this paragraph with re-
19 spect to a case, neither State shall consider the
20 case to be transferred to the caseload of such
21 other State; and

22 “(D) the State shall maintain records of—

23 “(i) the number of such requests for
24 assistance received by the State;

1 “(ii) the number of cases for which
2 the State collected support in response to
3 such a request; and

4 “(iii) the amount of such collected
5 support.”.

6 **SEC. 224. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

7 (a) PROMULGATION.—Section 452(a) (42 U.S.C.
8 652(a)) is amended—

9 (1) by striking “and” at the end of paragraph
10 (9);

11 (2) by striking the period at the end of para-
12 graph (10) and inserting “; and”; and

13 (3) by adding at the end the following new
14 paragraph:

15 “(11) not later than December 31, 1996, after
16 consulting with the State directors of programs
17 under this part, promulgate forms to be used by
18 States in interstate cases for—

19 “(A) collection of child support through in-
20 come withholding;

21 “(B) imposition of liens; and

22 “(C) administrative subpoenas.”.

23 (b) USE BY STATES.—Section 454(9) (42 U.S.C.
24 654(9)) is amended—

1 (1) by striking “and” at the end of subpara-
2 graph (C);

3 (2) by inserting “and” at the end of subpara-
4 graph (D); and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(E) no later than April 1, 1997, in using
8 the forms promulgated pursuant to section
9 452(a)(11) for income withholding, imposition
10 of liens, and issuance of administrative subpoe-
11 nas in interstate child support cases;”.

12 **SEC. 225. STATE LAWS PROVIDING EXPEDITED PROCE-**
13 **DURES.**

14 (a) STATE LAW REQUIREMENTS.—Section 466 (42
15 U.S.C. 666), as amended by section 214 of this Act, is
16 amended—

17 (1) in subsection (a)(2), by striking the first
18 sentence and inserting the following: “Expedited ad-
19 ministrative and judicial procedures (including the
20 procedures specified in subsection (c)) for establish-
21 ing paternity and for establishing, modifying, and
22 enforcing support obligations.”; and

23 (2) by inserting after subsection (b) the follow-
24 ing new subsection:

1 “(c) EXPEDITED PROCEDURES.—The procedures
2 specified in this subsection, for purposes of the require-
3 ment of subsection (a)(2), are the following:

4 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
5 CY.—Procedures which give the State agency the au-
6 thority to take the following actions relating to es-
7 tablishment or enforcement of support orders, with-
8 out the necessity of obtaining an order from any
9 other judicial or administrative tribunal, and to rec-
10 ognize and enforce the authority of State agencies of
11 other States) to take the following actions:

12 “(A) GENETIC TESTING.—To order genetic
13 testing for the purpose of paternity establish-
14 ment as provided in section 466(a)(5).

15 “(B) FINANCIAL OR OTHER INFORMA-
16 TION.—To subpoena any financial or other in-
17 formation needed to establish, modify, or en-
18 force a support order, and to impose penalties
19 for failure to respond to such a subpoena.

20 “(C) RESPONSE TO STATE AGENCY RE-
21 QUEST.—To require all entities in the State (in-
22 cluding for-profit, nonprofit, and governmental
23 employers) to provide promptly, in response to
24 a request by the State agency of that or any
25 other State administering a program under this

1 part, information on the employment, com-
2 pensation, and benefits of any individual em-
3 ployed by such entity as an employee or con-
4 tractor, and to sanction failure to respond to
5 any such request.

6 “(D) ACCESS TO CERTAIN RECORDS.—To
7 obtain access, subject to safeguards on privacy
8 and information security, to the following
9 records (including automated access, in the case
10 of records maintained in automated data
11 bases):

12 “(i) Records of other state and local
13 government agencies, including—

14 “(I) vital statistics (including
15 records of marriage, birth, and di-
16 vorce);

17 “(II) State and local tax and rev-
18 enue records (including information
19 on residence address, employer, in-
20 come and assets);

21 “(III) records concerning real
22 and titled personal property;

23 “(IV) records of occupational and
24 professional licenses, and records con-
25 cerning the ownership and control of

1 corporations, partnerships, and other
2 business entities;

3 “(V) employment security
4 records;

5 “(VI) records of agencies admin-
6 istering public assistance programs;

7 “(VII) records of the motor vehi-
8 cle department; and

9 “(VIII) corrections records.

10 “(ii) Certain records held by private
11 entities, including—

12 “(I) customer records of public
13 utilities and cable television compa-
14 nies; and

15 “(II) information (including in-
16 formation on assets and liabilities) on
17 individuals who owe or are owed sup-
18 port (or against or with respect to
19 whom a support obligation is sought)
20 held by financial institutions (subject
21 to limitations on liability of such enti-
22 ties arising from affording such ac-
23 cess), as provided pursuant to agree-
24 ments described in subsection (a)(18).

1 “(E) CHANGE IN PAYEE.—In cases in
2 which support is subject to an assignment in
3 order to comply with a requirement imposed
4 pursuant to part A or section 1912, or to a re-
5 quirement to pay through the State disburse-
6 ment unit established pursuant to section
7 454B, upon providing notice to obligor and obli-
8 gee, to direct the obligor or other payor to
9 change the payee to the appropriate government
10 entity.

11 “(F) INCOME WITHHOLDING.—To order
12 income withholding in accordance with sub-
13 sections (a)(1) and (b) of section 466.

14 “(G) SECURING ASSETS.—In cases in
15 which there is a support arrearage, to secure
16 assets to satisfy the arrearage by—

17 “(i) intercepting or seizing periodic or
18 lump-sum payments from—

19 “(I) a State or local agency, in-
20 cluding unemployment compensation,
21 workers’ compensation, and other ben-
22 efits; and

23 “(II) judgments, settlements, and
24 lotteries;

1 “(ii) attaching and seizing assets of
2 the obligor held in financial institutions;

3 “(iii) attaching public and private re-
4 tirement funds; and

5 “(iv) imposing liens in accordance
6 with subsection (a)(4) and, in appropriate
7 cases, to force sale of property and dis-
8 tribution of proceeds.

9 “(H) INCREASED MONTHLY PAYMENTS.—

10 For the purpose of securing overdue support, to
11 increase the amount of monthly support pay-
12 ments to include amounts for arrearages, sub-
13 ject to such conditions or limitations as the
14 State may provide.

15 Such procedures shall be subject to due process safe-
16 guards, including (as appropriate) requirements for
17 notice, opportunity to contest the action, and oppor-
18 tunity for an appeal on the record to an independent
19 administrative or judicial tribunal.

20 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

21 The expedited procedures required under subsection
22 (a)(2) shall include the following rules and author-
23 ity, applicable with respect to all proceedings to es-
24 tablish paternity or to establish, modify, or enforce
25 support orders:

1 “(A) LOCATOR INFORMATION; PRESUMP-
2 TIONS CONCERNING NOTICE.—Procedures
3 under which—

4 “(i) each party to any paternity or
5 child support proceeding is required (sub-
6 ject to privacy safeguards) to file with the
7 tribunal and the State case registry upon
8 entry of an order, and to update as appro-
9 priate, information on location and identity
10 of the party, including social security num-
11 ber, residential and mailing addresses, tele-
12 phone number, driver’s license number,
13 and name, address, and name and tele-
14 phone number of employer; and

15 “(ii) in any subsequent child support
16 enforcement action between the parties,
17 upon sufficient showing that diligent effort
18 has been made to ascertain the location of
19 such a party, the tribunal may deem State
20 due process requirements for notice and
21 service of process to be met with respect to
22 the party, upon delivery of written notice
23 to the most recent residential or employer
24 address filed with the tribunal pursuant to
25 clause (i).

1 “(B) STATEWIDE JURISDICTION.—Proce-
2 dures under which—

3 “(i) the State agency and any admin-
4 istrative or judicial tribunal with authority
5 to hear child support and paternity cases
6 exerts statewide jurisdiction over the par-
7 ties; and

8 “(ii) in a State in which orders are is-
9 sued by courts or administrative tribunals,
10 a case may be transferred between local ju-
11 risdictions in the State without need for
12 any additional filing by the petitioner, or
13 service of process upon the respondent, to
14 retain jurisdiction over the parties.

15 “(3) COORDINATION WITH ERISA.—Notwith-
16 standing subsection (d) of section 514 of the Em-
17 ployee Retirement Income Security Act of 1974 (re-
18 lating to effect on other laws), nothing in this sub-
19 section shall be construed to alter, amend, modify,
20 invalidate, impair, or supersede subsections (a), (b),
21 and (c) of such section 514 as it applies with respect
22 to any procedure referred to in paragraph (1) and
23 any expedited procedure referred to in paragraph
24 (2), except to the extent that such procedure would
25 be consistent with the requirements of section

1 206(d)(3) of such Act (relating to qualified domestic
2 relations orders) or the requirements of section
3 609(a) of such Act (relating to qualified medical
4 child support orders) if the reference in such section
5 206(d)(3) to a domestic relations order and the ref-
6 erence in such section 609(a) to a medical child sup-
7 port order were a reference to a support order re-
8 ferred to in paragraphs (1) and (2) relating to the
9 same matters, respectively.”.

10 (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—
11 Section 454A, as added by section 245(a)(2) and as
12 amended by sections 211 and 212(c) of this Act, is amend-
13 ed by adding at the end the following new subsection:

14 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
15 The automated system required by this section shall be
16 used, to the maximum extent feasible, to implement the
17 expedited administrative procedures required by section
18 466(c).”.

19 **Subtitle D—Paternity**

20 **Establishment**

21 **SEC. 231. STATE LAWS CONCERNING PATERNITY ESTAB-**
22 **LISHMENT.**

23 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
24 U.S.C. 666(a)(5)) is amended to read as follows:

1 “(5) PROCEDURES CONCERNING PATERNITY ES-
2 TABLISHMENT.

3 “(A) ESTABLISHMENT PROCESS AVAIL-
4 ABLE FROM BIRTH UNTIL AGE 18.—

5 “(i) Procedures which permit the es-
6 tablishment of the paternity of a child at
7 any time before the child attains 18 years
8 of age.

9 “(ii) As of August 16, 1984, clause (i)
10 shall also apply to a child for whom pater-
11 nity has not been established or for whom
12 a paternity action was brought but dis-
13 missed because a statute of limitations of
14 less than 18 years was then in effect in the
15 State.

16 “(B) PROCEDURES CONCERNING GENETIC
17 TESTING.—

18 “(i) GENETIC TESTING REQUIRED IN
19 CERTAIN CONTESTED CASES.—Procedures
20 under which the State is required, in a
21 contested paternity case (unless otherwise
22 barred by State law) to require the child
23 and all other parties (other than individ-
24 uals found under section 454(29) to have
25 good cause for refusing to cooperate) to

1 submit to genetic tests upon the request of
2 any such party, if the request is supported
3 by a sworn statement by the party—

4 “(I) alleging paternity, and set-
5 ting forth facts establishing a reason-
6 able possibility of the requisite sexual
7 contact between the parties; or

8 “(II) denying paternity, and set-
9 ting forth facts establishing a reason-
10 able possibility of the nonexistence of
11 sexual contact between the parties.

12 “(ii) OTHER REQUIREMENTS.—Proce-
13 dures which require the State agency, in
14 any case in which the agency orders ge-
15 netic testing—

16 “(I) to pay costs of such tests,
17 subject to recoupment (if the State so
18 elects) from the alleged father if pa-
19 ternity is established; and

20 “(II) to obtain additional testing
21 in any case if an original test result is
22 contested, upon request and advance
23 payment by the contestant.

24 “(C) VOLUNTARY PATERNITY ACKNOWL-
25 EDGMENT.—

1 “(i) SIMPLE CIVIL PROCESS.—Proce-
2 dures for a simple civil process for volun-
3 tarily acknowledging paternity under which
4 the State must provide that, before a
5 mother and a putative father can sign an
6 acknowledgment of paternity, the mother
7 and the putative father must be given no-
8 tice, orally and in writing, of the alter-
9 natives to, the legal consequences of, and
10 the rights (including, if 1 parent is a
11 minor, any rights afforded due to minority
12 status) and responsibilities that arise from,
13 signing the acknowledgment.

14 “(ii) HOSPITAL-BASED PROGRAM.—
15 Such procedures must include a hospital-
16 based program for the voluntary acknowl-
17 edgment of paternity focusing on the pe-
18 riod immediately before or after the birth
19 of a child, subject to such good cause ex-
20 ceptions, taking into account the best in-
21 terests of the child, as the State may es-
22 tablish.

23 “(iii) PATERNITY ESTABLISHMENT
24 SERVICES.—

1 “(I) STATE-OFFERED SERV-
2 ICES.—Such procedures must require
3 the State agency responsible for main-
4 taining birth records to offer vol-
5 untary paternity establishment serv-
6 ices.

7 “(II) REGULATIONS.—

8 “(aa) SERVICES OFFERED
9 BY HOSPITALS AND BIRTH
10 RECORD AGENCIES.—The Sec-
11 retary shall prescribe regulations
12 governing voluntary paternity es-
13 tablishment services offered by
14 hospitals and birth record agen-
15 cies.

16 “(bb) SERVICES OFFERED
17 BY OTHER ENTITIES.—The Sec-
18 retary shall prescribe regulations
19 specifying the types of other enti-
20 ties that may offer voluntary pa-
21 ternity establishment services,
22 and governing the provision of
23 such services, which shall include
24 a requirement that such an entity
25 must use the same notice provi-

sions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

“(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

“(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

1 “(i) INCLUSION IN BIRTH RECORDS.—
2 Procedures under which the name of the
3 father shall be included on the record of
4 birth of the child of unmarried parents
5 only if—

6 “(I) the father and mother have
7 signed a voluntary acknowledgment of
8 paternity; or

9 “(II) a court or an administrative
10 agency of competent jurisdiction has
11 issued an adjudication of paternity.

12 Nothing in this clause precludes a State
13 agency from obtaining an admission of pa-
14 ternity from the father for submission in a
15 judicial or administrative proceeding, or
16 prohibit the issuance of an order in a judi-
17 cial or administrative proceeding which
18 bases a legal finding of paternity on an ad-
19 mission of paternity by the father and any
20 other additional showing required by State
21 law.

22 “(ii) LEGAL FINDING OF PATER-
23 NITY.— Procedures under which a signed
24 voluntary acknowledgment of paternity is
25 considered a legal finding of paternity,

1 subject to the right of any signatory to re-
2 scind the acknowledgment within the ear-
3 lier of—

4 “(I) 60 days; or

5 “(II) the date of an administra-
6 tive or judicial proceeding relating to
7 the child (including a proceeding to
8 establish a support order) in which
9 the signatory is a party.

10 “(iii) CONTEST.—Procedures under
11 which, after the 60-day period referred to
12 in clause (ii), a signed voluntary acknowl-
13 edgment of paternity may be challenged in
14 court only on the basis of fraud, duress, or
15 material mistake of fact, with the burden
16 of proof upon the challenger, and under
17 which the legal responsibilities (including
18 child support obligations) of any signatory
19 arising from the acknowledgment may not
20 be suspended during the challenge, except
21 for good cause shown.

22 “(E) BAR ON ACKNOWLEDGMENT RATIFI-
23 CATION PROCEEDINGS.—Procedures under
24 which judicial or administrative proceedings are

1 not required or permitted to ratify an unchal-
2 lenged acknowledgment of paternity.

3 “(F) ADMISSIBILITY OF GENETIC TESTING
4 RESULTS.—Procedures—

5 “(i) requiring the admission into evi-
6 dence, for purposes of establishing pater-
7 nity, of the results of any genetic test that
8 is—

9 “(I) of a type generally acknowl-
10 edged as reliable by accreditation bod-
11 ies designated by the Secretary; and

12 “(II) performed by a laboratory
13 approved by such an accreditation
14 body;

15 “(ii) requiring an objection to genetic
16 testing results to be made in writing not
17 later than a specified number of days be-
18 fore any hearing at which the results may
19 be introduced into evidence (or, at State
20 option, not later than a specified number
21 of days after receipt of the results); and

22 “(iii) making the test results admissi-
23 ble as evidence of paternity without the
24 need for foundation testimony or other

1 proof of authenticity or accuracy, unless
2 objection is made.

3 “(G) PRESUMPTION OF PATERNITY IN
4 CERTAIN CASES.—Procedures which create a re-
5 buttable or, at the option of the State, conclu-
6 sive presumption of paternity upon genetic test-
7 ing results indicating a threshold probability
8 that the alleged father is the father of the child.

9 “(H) DEFAULT ORDERS.—Procedures re-
10 quiring a default order to be entered in a pater-
11 nity case upon a showing of service of process
12 on the defendant and any additional showing
13 required by State law.

14 “(I) NO RIGHT TO JURY
15 TRIAL.—Procedures providing that
16 the parties to an action to establish
17 paternity are not entitled to a trial by
18 jury.

19 “(J) TEMPORARY SUPPORT ORDER BASED
20 ON PROBABLE PATERNITY IN CONTESTED
21 CASES.—Procedures which require that a tem-
22 porary order be issued, upon motion by a party,
23 requiring the provision of child support pending
24 an administrative or judicial determination of
25 parentage, if there is clear and convincing evi-

1 dence of paternity (on the basis of genetic tests
2 or other evidence).

3 “(K) PROOF OF CERTAIN SUPPORT AND
4 PATERNITY ESTABLISHMENT COSTS.—Proce-
5 dures under which bills for pregnancy, child-
6 birth, and genetic testing are admissible as evi-
7 dence without requiring third-party foundation
8 testimony, and shall constitute prima facie evi-
9 dence of amounts incurred for such services or
10 for testing on behalf of the child.

11 “(L) STANDING OF PUTATIVE FATHERS.—
12 Procedures ensuring that the putative father
13 has a reasonable opportunity to initiate a pater-
14 nity action.

15 “(M) FILING OF ACKNOWLEDGMENTS AND
16 ADJUDICATIONS IN STATE REGISTRY OF BIRTH
17 RECORDS.—Procedures under which voluntary
18 acknowledgments and adjudications of paternity
19 by judicial or administrative processes are filed
20 with the State registry of birth records for com-
21 parison with information in the State case reg-
22 istry.”.

23 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-
24 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
25 amended by inserting “, and develop an affidavit to be

1 used for the voluntary acknowledgment of paternity which
2 shall include the social security number of each parent
3 and, after consultation with the States, other common ele-
4 ments as determined by such designee” before the semi-
5 colon.

6 (c) CONFORMING AMENDMENT.—Section 468 (42
7 U.S.C. 668) is amended by striking “a simple civil process
8 for voluntarily acknowledging paternity and”.

9 **SEC. 232. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
10 **LISHMENT.**

11 Section 454(23) (42 U.S.C. 654(23)) is amended by
12 inserting “and will publicize the availability and encourage
13 the use of procedures for voluntary establishment of pater-
14 nity and child support by means the State deems appro-
15 priate” before the semicolon.

16 **SEC. 233. COOPERATION REQUIREMENT AND GOOD CAUSE**
17 **EXCEPTION.**

18 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
19 amended by sections 201(b), 203(a), 212(a), and 213(a)
20 of this Act, is amended—

21 (1) by striking “and” at the end of paragraph
22 (27);

23 (2) by striking the period at the end of para-
24 graph (28) and inserting “; and”; and

1 (3) by inserting after paragraph (28) the fol-
2 lowing new paragraph:

3 “(29) provide that the State agency administer-
4 ing the plan under this part—

5 “(A) will make the determination specified
6 under paragraph (4), as to whether an individ-
7 ual is cooperating with efforts to establish pa-
8 ternity and secure support (or has good cause
9 not to cooperate with such efforts) for purposes
10 of the requirements of sections 403(b)(1)(E)(i)
11 and 1912;

12 “(B) will advise individuals, both orally
13 and in writing, of the grounds for good cause
14 exceptions to the requirement to cooperate with
15 such efforts;

16 “(C) will take the best interests of the
17 child into consideration in making the deter-
18 mination whether such individual has good
19 cause not to cooperate with such efforts;

20 “(D)(i) will make the initial determination
21 as to whether an individual is cooperating (or
22 has good cause not to cooperate) with efforts to
23 establish paternity within 10 days after such in-
24 dividual is referred to such State agency by the

1 State agency administering the program under
2 part A or title XIX;

3 “(ii) will make redeterminations as to
4 cooperation or good cause at appropriate
5 intervals; and

6 “(iii) will promptly notify the individ-
7 ual, and the State agencies administering
8 such programs, of each such determination
9 and redetermination;

10 “(E) with respect to any child born on or
11 after the date 10 months after enactment of
12 this provision, will not determine (or redeter-
13 mine) the mother (or other custodial relative) of
14 such child to be cooperating with efforts to es-
15 tablish paternity unless such individual fur-
16 nishes—

17 “(i) the name of the putative father
18 (or fathers); and

19 “(ii) sufficient additional information
20 to enable the State agency, if reasonable
21 efforts were made, to verify the identity of
22 the person named as the putative father
23 (including such information as the putative
24 father’s present address, telephone num-
25 ber, date of birth, past or present place of

1 employment, school previously or currently
2 attended, names and addresses of parents,
3 friends, or relatives able to provide location
4 information, or other information that
5 could enable service of process on such per-
6 son); and

7 “(F)(i) (where a custodial parent who was
8 initially determined not to be cooperating (or to
9 have good cause not to cooperate) is later deter-
10 mined to be cooperating or to have good cause
11 not to cooperate) will immediately notify the
12 State agencies administering the programs
13 under part A and title XIX that this eligibility
14 condition has been met; and

15 “(ii) (where a custodial parent was initially
16 determined to be cooperating (or to have good
17 cause not to cooperate)) will not later determine
18 such individual not to be cooperating (or not to
19 have good cause not to cooperate) until such in-
20 dividual has been afforded an opportunity for a
21 hearing.”.

22 (b) MEDICAID AMENDMENTS.—Section 1912(a) (42

23 U.S.C. 1396k(a)) is amended—

1 (1) in paragraph (1)(B), by inserting “(except
2 as provided in paragraph (2))” after “to cooperate
3 with the State”;

4 (2) in subparagraphs (B) and (C) of paragraph
5 (1) by striking “, unless” and all that follows and
6 inserting a semicolon; and

7 (3) by redesignating paragraph (2) as para-
8 graph (6), and inserting after paragraph (1) the fol-
9 lowing new paragraphs:

10 “(2) provide that the State agency will imme-
11 diately refer each applicant or recipient requiring
12 paternity establishment services to the State agency
13 administering the program under part D of title IV;

14 “(3) provide that an individual will not be re-
15 quired to cooperate with the State, as provided
16 under paragraph (1), if the individual is found to
17 have good cause for refusing to cooperate, as deter-
18 mined in accordance with standards prescribed by
19 the Secretary, which standards shall take into con-
20 sideration the best interests of the individuals in-
21 volved—

22 “(A) to the satisfaction of the State agency
23 administering the program under part D, as de-
24 termined in accordance with section 454(29),
25 with respect to the requirements to cooperate

1 with efforts to establish paternity and to obtain
2 support (including medical support) from a par-
3 ent; and

4 “(B) to the satisfaction of the State agen-
5 cy administering the program under this title,
6 with respect to other requirements to cooperate
7 under paragraph (1);

8 “(4) provide that (except as provided in para-
9 graph (5)) an applicant requiring paternity estab-
10 lishment services (other than an individual presump-
11 tively eligible pursuant to section 1920) shall not be
12 eligible for medical assistance under this title until
13 such applicant—

14 “(i) has furnished to the agency admin-
15 istering the State plan under part D of title IV
16 the information specified in section 454(29)(E);
17 or

18 “(ii) has been determined by such agency
19 to have good cause not to cooperate; and

20 “(5) provide that the provisions of paragraph
21 (4) shall not apply with respect to an applicant—

22 “(i) if such agency has not, within 10 days
23 after such individual was referred to such agen-
24 cy, provided the notification required by section

1 454(29)(D)(iii), until such notification is re-
 2 ceived; and

3 “(ii) if such individual appeals a deter-
 4 mination that the individual lacks good cause
 5 for noncooperation, until after such determina-
 6 tion is affirmed after notice and opportunity for
 7 a hearing.”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section are effective with respect to applications filed
 10 in or after the first calendar quarter beginning 10 months
 11 or more after the date of the enactment of this amendment
 12 (or such earlier quarter as the State may select) for assist-
 13 ance under a State plan approved under part A of title
 14 IV of the Social Security Act or for medical assistance
 15 under a State plan approved under title XIX of such Act.

16 **Subtitle E—Program** 17 **Administration and Funding**

18 **SEC. 241. PERFORMANCE-BASED INCENTIVES AND PEN-** 19 **ALTIES.**

20 (a) DEVELOPMENT OF NEW SYSTEM.—The Sec-
 21 retary of Health and Human Services, in consultation with
 22 State directors of programs under part D of title IV of
 23 the Social Security Act, shall develop a new incentive sys-
 24 tem to replace, in a cost neutral manner, the system under
 25 section 458 of such Act. The new system shall provide ad-

1 ditional payments to any State based on such State's per-
 2 formance under such a program. The Secretary shall in-
 3 clude procedures that ensure that the total incentives paid
 4 to all States for a fiscal year under the new incentive sys-
 5 tem do not exceed the total incentives that would have
 6 been paid to all States for such fiscal year under the sys-
 7 tem that was in effect during fiscal year 1995. Not later
 8 than October 1, 1996, the Secretary shall report on the
 9 new system to the Committee on Ways and Means of the
 10 House of Representatives and the Committee on Finance
 11 of the Senate.

12 (b) CONFORMING AMENDMENTS TO PRESENT SYS-
 13 TEM.—Section 458 (42 U.S.C. 658) is amended—

14 (1) in subsection (a), by striking “aid to fami-
 15 lies with dependent children under a State plan ap-
 16 proved under part A of this title” and inserting “as-
 17 sistance under a program funded under part A”;

18 (2) in subsection (b)(1)(A), by striking “section
 19 402(a)(26)” and inserting “section 402(a)(2)”;

20 (3) in subsections (b) and (c)—

21 (A) by striking “AFDC collections” each
 22 place it appears and inserting “title IV–A col-
 23 lections”, and

1 (B) by striking “non-AFDC collections”
2 each place it appears and inserting “non-title
3 IV–A collections”; and
4 (4) in subsection (c), by striking “combined
5 AFDC/non-AFDC administrative costs” both places
6 it appears and inserting “combined title IV–A/non-
7 title IV–A administrative costs”.

8 (c) CALCULATION OF IV–D PATERNITY ESTABLISH-
9 MENT PERCENTAGE.—

10 (1) Section 452(g)(1)(A) (42 U.S.C.
11 652(g)(1)(A)) is amended by striking “75” and in-
12 serting “90”.

13 (2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
14 amended by redesignating subparagraphs (B)
15 through (E) as subparagraphs (C) through (F), re-
16 spectively, and by inserting after subparagraph (A)
17 the following new subparagraph:

18 “(B) for a State with a paternity establish-
19 ment percentage of not less than 75 percent but
20 less than 90 percent for such fiscal year, the
21 paternity establishment percentage of the State
22 for the immediately preceding fiscal year plus 2
23 percentage points;”.

1 (3) Section 452(g)(2)(A) (42 U.S.C.
2 652(g)(2)(A)) is amended in the matter preceding
3 clause (i)—

4 (A) by striking “paternity establishment
5 percentage” and inserting “IV–D paternity es-
6 tablishment percentage”; and

7 (B) by striking “(or all States, as the case
8 may be)”.

9 (4) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
10 amended by adding at the end the following new
11 sentence: “In meeting the 90 percent paternity es-
12 tablishment requirement, a State may calculate ei-
13 ther the paternity establishment rate of cases in the
14 program funded under this part or the paternity es-
15 tablishment rate of all out-of-wedlock births in the
16 State.”.

17 (5) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
18 amended—

19 (A) by striking subparagraph (A) and re-
20 designating subparagraphs (B) and (C) as sub-
21 paragraphs (A) and (B), respectively;

22 (B) in subparagraph (A) (as so redesign-
23 ated), by striking “the percentage of children
24 born out-of-wedlock in a State” and inserting
25 “the percentage of children in a State who are

1 born out of wedlock or for whom support has
2 not been established”; and

3 (C) in subparagraph (B) (as so redesign-
4 nated) by inserting “and securing support” be-
5 fore the period.

6 (d) EFFECTIVE DATES.—

7 (1) INCENTIVE ADJUSTMENTS.—

8 (A) IN GENERAL.—The system developed
9 under subsection (a) and the amendments made
10 by subsection (b) become effective on October 1,
11 1997, except to the extent provided in subpara-
12 graph (B).

13 (B) APPLICATION OF SECTION 458.—Sec-
14 tion 458 of the Social Security Act, as in effect
15 on the day before the date of the enactment of
16 this section, shall be effective for purposes of
17 incentive payments to States for fiscal years be-
18 fore fiscal year 1999.

19 (2) PENALTY REDUCTIONS.—The amendments
20 made by subsection (c) become effective with respect
21 to calendar quarters beginning on or after the date
22 of the enactment of this Act.

23 **SEC. 242. FEDERAL AND STATE REVIEWS AND AUDITS.**

24 (a) STATE AGENCY ACTIVITIES.—Section 454 (42
25 U.S.C. 654) is amended—

1 (1) in paragraph (14), by striking “(14)” and
2 inserting “(14)(A)”;

3 (2) by redesignating paragraph (15) as sub-
4 paragraph (B) of paragraph (14); and

5 (3) by inserting after paragraph (14) the fol-
6 lowing new paragraph:

7 “(15) provide for—

8 “(A) a process for annual reviews of and
9 reports to the Secretary on the State program
10 operated under the State plan approved under
11 this part, including such information as may be
12 necessary to measure State compliance with
13 Federal requirements for expedited procedures,
14 using such standards and procedures as are re-
15 quired by the Secretary, under which the State
16 agency will determine the extent to which the
17 program is operated in compliance with this
18 part; and

19 “(B) a process of extracting from the auto-
20 mated data processing system required by para-
21 graph (16) and transmitting to the Secretary
22 data and calculations concerning the levels of
23 accomplishment (and rates of improvement)
24 with respect to applicable performance indica-
25 tors (including IV–D paternity establishment

1 percentages to the extent necessary for pur-
2 poses of sections 452(g) and 458).”.

3 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42
4 U.S.C. 652(a)(4)) is amended to read as follows:

5 “(4)(A) review data and calculations transmit-
6 ted by State agencies pursuant to section
7 454(15)(B) on State program accomplishments with
8 respect to performance indicators for purposes of
9 subsection (g) of this section and section 458;

10 “(B) review annual reports submitted pur-
11 suant to section 454(15)(A) and, as appro-
12 priate, provide to the State comments, rec-
13 ommendations for additional or alternative cor-
14 rective actions, and technical assistance; and

15 “(C) conduct audits, in accordance with
16 the Government auditing standards of the
17 Comptroller General of the United States—

18 “(i) at least once every 3 years (or
19 more frequently, in the case of a State
20 which fails to meet the requirements of
21 this part concerning performance stand-
22 ards and reliability of program data) to as-
23 sess the completeness, reliability, and secu-
24 rity of the data, and the accuracy of the
25 reporting systems, used in calculating per-

1 formance indicators under subsection (g)
2 of this section and section 458;

3 “(ii) of the adequacy of financial man-
4 agement of the State program operated
5 under the State plan approved under this
6 part, including assessments of—

7 “(I) whether Federal and other
8 funds made available to carry out the
9 State program are being appropriately
10 expended, and are properly and fully
11 accounted for; and

12 “(II) whether collections and dis-
13 bursements of support payments are
14 carried out correctly and are fully ac-
15 counted for; and

16 “(iii) for such other purposes as the
17 Secretary may find necessary;”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall be effective with respect to calendar
20 quarters beginning 12 months or more after the date of
21 the enactment of this Act.

22 **SEC. 243. REQUIRED REPORTING PROCEDURES.**

23 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.
24 652(a)(5)) is amended by inserting “, and establish proce-
25 dures to be followed by States for collecting and reporting

1 information required to be provided under this part, and
2 establish uniform definitions (including those necessary to
3 enable the measurement of State compliance with the re-
4 quirements of this part relating to expedited processes) to
5 be applied in following such procedures” before the semi-
6 colon.

7 (b) STATE PLAN REQUIREMENT.—Section 454 (42
8 U.S.C. 654), as amended by sections 201(b), 203(a),
9 212(a), 213(a), and 233 of this Act, is amended—

10 (1) by striking “and” at the end of paragraph
11 (28);

12 (2) by striking the period at the end of para-
13 graph (29) and inserting “; and”; and

14 (3) by adding after paragraph (29) the follow-
15 ing new paragraph:

16 “(30) provide that the State shall use the defi-
17 nitions established under section 452(a)(5) in col-
18 lecting and reporting information as required under
19 this part.”.

20 **SEC. 244. AUTOMATED DATA PROCESSING REQUIREMENTS.**

21 (a) REVISED REQUIREMENTS.—

22 (1) IN GENERAL.—Section 454(16) (42 U.S.C.
23 654(16)) is amended—

24 (A) by striking “, at the option of the
25 State,”;

1 (B) by inserting “and operation by the
2 State agency” after “for the establishment”;

3 (C) by inserting “meeting the requirements
4 of section 454A” after “information retrieval
5 system”;

6 (D) by striking “in the State and localities
7 thereof, so as (A)” and inserting “so as”;

8 (E) by striking “(i)”; and

9 (F) by striking “(including” and all that
10 follows and inserting a semicolon.

11 (2) AUTOMATED DATA PROCESSING.—Part D of
12 title IV (42 U.S.C. 651–669) is amended by insert-
13 ing after section 454 the following new section:

14 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

15 “(a) IN GENERAL.—In order for a State to meet the
16 requirements of this section, the State agency administer-
17 ing the State program under this part shall have in oper-
18 ation a single statewide automated data processing and
19 information retrieval system which has the capability to
20 perform the tasks specified in this section with the fre-
21 quency and in the manner required by or under this part.

22 “(b) PROGRAM MANAGEMENT.—The automated sys-
23 tem required by this section shall perform such functions
24 as the Secretary may specify relating to management of
25 the State program under this part, including—

1 “(1) controlling and accounting for use of Fed-
2 eral, State, and local funds in carrying out the pro-
3 gram; and

4 “(2) maintaining the data necessary to meet
5 Federal reporting requirements under this part on a
6 timely basis.

7 “(c) CALCULATION OF PERFORMANCE INDICA-
8 TORS.—In order to enable the Secretary to determine the
9 incentive payments and penalty adjustments required by
10 sections 452(g) and 458, the State agency shall—

11 “(1) use the automated system—

12 “(A) to maintain the requisite data on
13 State performance with respect to paternity es-
14 tablishment and child support enforcement in
15 the State; and

16 “(B) to calculate the IV–D paternity es-
17 tablishment percentage for the State for each
18 fiscal year; and

19 “(2) have in place systems controls to ensure
20 the completeness and reliability of, and ready access
21 to, the data described in paragraph (1)(A), and the
22 accuracy of the calculations described in paragraph
23 (1)(B).

24 “(d) INFORMATION INTEGRITY AND SECURITY.—The
25 State agency shall have in effect safeguards on the integ-

1 rity, accuracy, and completeness of, access to, and use of
2 data in the automated system required by this section,
3 which shall include the following (in addition to such other
4 safeguards as the Secretary may specify in regulations):

5 “(1) POLICIES RESTRICTING ACCESS.—Written
6 policies concerning access to data by State agency
7 personnel, and sharing of data with other persons,
8 which—

9 “(A) permit access to and use of data only
10 to the extent necessary to carry out the State
11 program under this part; and

12 “(B) specify the data which may be used
13 for particular program purposes, and the per-
14 sonnel permitted access to such data.

15 “(2) SYSTEMS CONTROLS.—Systems controls
16 (such as passwords or blocking of fields) to ensure
17 strict adherence to the policies described in para-
18 graph (1).

19 “(3) MONITORING OF ACCESS.—Routine mon-
20 itoring of access to and use of the automated sys-
21 tem, through methods such as audit trails and feed-
22 back mechanisms, to guard against and promptly
23 identify unauthorized access or use.

24 “(4) TRAINING AND INFORMATION.—Proce-
25 dures to ensure that all personnel (including State

1 and local agency staff and contractors) who may
2 have access to or be required to use confidential pro-
3 gram data are informed of applicable requirements
4 and penalties (including those in section 6103 of the
5 Internal Revenue Code of 1986), and are adequately
6 trained in security procedures.

7 “(5) PENALTIES.—Administrative penalties (up
8 to and including dismissal from employment) for un-
9 authorized access to, or disclosure or use of, con-
10 fidential data.”.

11 (3) REGULATIONS.—The Secretary of Health
12 and Human Services shall prescribe final regulations
13 for implementation of section 454A of the Social Se-
14 curity Act not later than 2 years after the date of
15 the enactment of this Act.

16 (4) IMPLEMENTATION TIMETABLE.—Section
17 454(24) (42 U.S.C. 654(24)), as amended by section
18 203(a)(1) of this Act, is amended to read as follows:

19 “(24) provide that the State will have in effect
20 an automated data processing and information re-
21 trieval system—

22 “(A) by October 1, 1997, which meets all
23 requirements of this part which were enacted on
24 or before the date of enactment of the Family
25 Support Act of 1988, and

1 “(B) by October 1, 1999, which meets all
 2 requirements of this part enacted on or before
 3 the date of the enactment of this Act, except
 4 that such deadline shall be extended by 1 day
 5 for each day (if any) by which the Secretary
 6 fails to meet the deadline imposed by section
 7 244(a)(3) of the Work First and Personal Re-
 8 sponsibility Act of 1996;”.

9 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
 10 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

11 (1) IN GENERAL.—Section 455(a) (42 U.S.C.
 12 655(a)) is amended—

13 (A) in paragraph (1)(B)—

14 (i) by striking “90 percent” and in-
 15 serting “the percent specified in paragraph
 16 (3), subect to the limitations in paragraph
 17 (3)”;

18 (ii) by striking “so much of”; and

19 (iii) by striking “which the Secretary”
 20 and all that follows and inserting “, and”;
 21 and

22 (B) by adding at the end the following new
 23 paragraph:

24 “(3)(A) Subject to the limitation in subpara-
 25 graph (C), the Secretary shall pay to each State, for

1 each quarter in fiscal years 1996 and 1997, 90 per-
2 cent of so much of the State expenditures described
3 in paragraph (1)(B) as the Secretary finds are for
4 a system meeting the requirements specified in sec-
5 tion 454(16) (as in effect on September 30, 1995),
6 but limited to the amount approved for States in the
7 advance planning documents of such States submit-
8 ted on or before May 1, 1995.

9 “(B) Subject to the limitation in subpara-
10 graph (C), the Secretary shall pay to each
11 State, for each quarter in fiscal years 1996
12 through 2001, 80 percent of so much of the
13 State expenditures described in paragraph
14 (1)(B) (other than expenditures with respect to
15 which payment is made under subparagraph
16 (A)) as the Secretary finds are for a system
17 meeting the requirements of sections 454(16)
18 and 454A.

19 “(C) LIMITATION ON PAYMENTS UNDER
20 TEMPORARY SPECIAL FEDERAL MATCHING
21 RATE.—

22 “(i) IN GENERAL.—The Secretary of
23 Health and Human Services may not pay
24 more than \$400,000,000 in the aggregate
25 under this paragraph for fiscal years 1996

1 through 2001, which is the maximum
2 amount to which States may be entitled
3 under this paragraph for such fiscal pe-
4 riod.

5 “(ii) ALLOCATION OF LIMITATION
6 AMONG STATES.—The total amount pay-
7 able to a State under this paragraph for
8 fiscal years 1996 through 2001 shall not
9 exceed the limitation determined for the
10 State by the Secretary of Health and
11 Human Services in regulations.

12 “(iii) ALLOCATION FORMULA.—The
13 regulations referred to in clause (ii) shall
14 prescribe a formula for allocating the
15 amount specified in clause (i) among
16 States with plans approved under part D
17 of title IV of the Social Security Act, which
18 shall take into account—

19 “(I) the relative size of State
20 caseloads under such part; and

21 “(II) the level of automation
22 needed to meet the automated data
23 processing requirements of such
24 part.”.

1 (c) Subsection (b) of this section is repealed effective
2 September 30, 2001.

3 (d) CONFORMING AMENDMENT.—Section 123(c) of
4 the Family Support Act of 1988 (102 Stat. 2352; Public
5 Law 100-485) is amended by striking “1995” and insert-
6 ing “2001”.

7 **SEC. 245. TECHNICAL ASSISTANCE.**

8 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,
9 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-
10 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-
11 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-
12 ing at the end the following new subsection:

13 “(j) From the appropriation account providing funds
14 for payments to States under section 455(a) for a fiscal
15 year, the Secretary may use an amount not to exceed 0.5
16 percent of reimbursements by States to the Federal Gov-
17 ernment pursuant to section 457(a) during the preceding
18 fiscal year (as determined on the basis of the most recent
19 reliable data available to the Secretary as of the end of
20 the 3rd calendar quarter following the end of such preced-
21 ing fiscal year), to cover costs incurred by the Secretary
22 for—

23 “(1) information dissemination and technical
24 assistance to States, training of State and Federal
25 staff, staffing studies, and related activities needed

1 to improve programs under this part (including tech-
2 nical assistance concerning State automated systems
3 required by this part); and

4 “(2) research, demonstration, and special
5 projects of regional or national significance relating
6 to the operation of State programs under this
7 part.”.

8 (b) OPERATION OF FEDERAL PARENT LOCATOR
9 SERVICE.—Section 453 (42 U.S.C. 653), as amended by
10 section 216 of this Act, is amended by adding at the end
11 the following new subsection:

12 “(o) RECOVERY OF COSTS.—From the appropriation
13 account providing funds for payments to States for under
14 section 455(a), the Secretary may use an amount not to
15 exceed 2 percent of the total reimbursements by States
16 to the Federal Government pursuant to section 457(a)
17 during the preceding fiscal year (as determined on the
18 basis of the most recent reliable data available to the Sec-
19 retary as of the end of the 3rd calendar quarter following
20 the end of such preceding fiscal year), to cover costs in-
21 curred by the Secretary for operation of the Federal Par-
22 ent Locator Service under this section, to the extent such
23 costs are not recovered through user fees.”.

1 **SEC. 246. REPORTS AND DATA COLLECTION BY THE SEC-**
2 **RETARY.**

3 (a) ANNUAL REPORT TO CONGRESS.—

4 (1) Section 452(a)(10)(A) (42 U.S.C.
5 652(a)(10)(A)) is amended—

6 (A) by striking “this part;” and inserting
7 “this part, including—”; and

8 (B) by adding at the end the following new
9 clauses:

10 “(i) the total amount of child support
11 payments collected as a result of services
12 furnished during the fiscal year to individ-
13 uals receiving services under this part;

14 “(ii) the cost to the States and to the
15 Federal Government of so furnishing the
16 services; and

17 “(iii) the number of cases involving
18 families—

19 “(I) who became ineligible for as-
20 sistance under State programs funded
21 under part A during a month in the
22 fiscal year; and

23 “(II) with respect to whom a
24 child support payment was received in
25 the month;”.

1 (2) Section 452(a)(10)(C) (42 U.S.C.
2 652(a)(10)(C)) is amended—

3 (A) in the matter preceding clause (i)—

4 (i) by striking “with the data required
5 under each clause being separately stated
6 for cases” and inserting “separately stated
7 for (1) cases”;

8 (ii) by striking “cases where the child
9 was formerly receiving” and inserting “or
10 formerly received”;

11 (iii) by inserting “or 1912” after
12 “471(a)(17)”; and

13 (iv) by inserting “(2)” before “all
14 other”;

15 (B) in each of clauses (i) and (ii), by strik-
16 ing “, and the total amount of such obliga-
17 tions”;

18 (C) in clause (iii), by striking “described
19 in” and all that follows and inserting “in which
20 support was collected during the fiscal year.”;

21 (D) by striking clause (iv); and

22 (E) by redesignating clause (v) as clause
23 (vii), and inserting after clause (iii) the follow-
24 ing new clauses:

1 “(iv) the total amount of support col-
2 lected during such fiscal year and distrib-
3 uted as current support;

4 “(v) the total amount of support col-
5 lected during such fiscal year and distrib-
6 uted as arrearages;

7 “(vi) the total amount of support due
8 and unpaid for all fiscal years; and”.

9 (3) Section 452(a)(10)(G) (42 U.S.C.
10 652(a)(10)(G)) is amended by striking “on the use
11 of Federal courts and”.

12 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))
13 is amended—

14 (A) in subparagraph (H), by striking
15 “and”;

16 (B) in subparagraph (I), by striking the
17 period and inserting “; and”; and

18 (C) by inserting after subparagraph (I) the
19 following new subparagraph:

20 “(J) compliance, by State, with the stand-
21 ards established pursuant to subsections (h)
22 and (i).”.

23 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))
24 is amended by striking all that follows subparagraph
25 (J), as added by paragraph (4).

1 (b) EFFECTIVE DATE.—The amendments made by
 2 subsection (a) are effective with respect to fiscal year 1996
 3 and succeeding fiscal years.

4 **Subtitle F—Establishment and** 5 **Modification of Support Orders**

6 **SEC. 251. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-** 7 **MENT OF CHILD SUPPORT ORDERS.**

8 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-
 9 ed to read as follows:

10 “(10) REVIEW AND ADJUSTMENT OF SUPPORT
 11 ORDERS UPON REQUEST.—Procedures under which
 12 the State shall review and adjust each support order
 13 being enforced under this part if there is an assign-
 14 ment under part A or upon the request of either
 15 parent. Such procedures shall provide the following:

16 “(A) IN GENERAL.—

17 “(i) 3-YEAR CYCLE.—Except as pro-
 18 vided in subparagraphs (B) and (C), the
 19 State shall review and, as appropriate, ad-
 20 just the support order every 3 years, tak-
 21 ing into account the best interests of the
 22 child involved.

23 “(ii) METHODS OF ADJUSTMENT.—
 24 The State may elect to review and, if ap-

1 appropriate, adjust an order pursuant to
2 clause (i) by—

3 “(I) reviewing and, if appro-
4 priate, adjusting the order in accord-
5 ance with the guidelines established
6 pursuant to section 467(a) if the
7 amount of the child support award
8 under the order differs from the
9 amount that would be awarded in ac-
10 cordance with the guidelines; or

11 “(II) applying a cost-of-living ad-
12 justment to the order in accordance
13 with a formula developed by the State
14 and permit either party to contest the
15 adjustment, within 30 days after the
16 date of the notice of the adjustment,
17 by making a request for review and, if
18 appropriate, adjustment of the order
19 in accordance with the child support
20 guidelines established pursuant to sec-
21 tion 467(a).

22 “(iii) NO PROOF OF CHANGE IN CIR-
23 CUMSTANCES NECESSARY.—Any adjust-
24 ment under this subparagraph (A) shall be

1 made without a requirement for proof or
2 showing of a change in circumstances.

3 “(B) AUTOMATED METHOD.—The State
4 may use automated methods (including auto-
5 mated comparisons with wage or State income
6 tax data) to identify orders eligible for review,
7 conduct the review, identify orders eligible for
8 adjustment, and apply the appropriate adjust-
9 ment to the orders eligible for adjustment
10 under the threshold established by the State.

11 “(C) REQUEST UPON SUBSTANTIAL
12 CHANGE IN CIRCUMSTANCES.—The State shall,
13 at the request of either parent subject to such
14 an order or of any State child support enforce-
15 ment agency, review and, if appropriate, adjust
16 the order in accordance with the guidelines es-
17 tablished pursuant to section 467(a) based
18 upon a substantial change in the circumstances
19 of either parent.

20 “(D) NOTICE OF RIGHT TO REVIEW.—The
21 State shall provide notice not less than once
22 every 3 years to the parents subject to such an
23 order informing them of their right to request
24 the State to review and, if appropriate, adjust

1 the order pursuant to this paragraph. The no-
2 tice may be included in the order.”.

3 **SEC. 252. FURNISHING CONSUMER REPORTS FOR CERTAIN**
4 **PURPOSES RELATING TO CHILD SUPPORT.**

5 Section 604 of the Fair Credit Reporting Act (15
6 U.S.C. 1681b) is amended by adding at the end the follow-
7 ing new paragraphs:

8 “(4) In response to a request by the head of a
9 State or local child support enforcement agency (or
10 a State or local government official authorized by
11 the head of such an agency), if the person making
12 the request certifies to the consumer reporting agen-
13 cy that—

14 “(A) the consumer report is needed for the
15 purpose of establishing an individual’s capacity
16 to make child support payments or determining
17 the appropriate level of such payments;

18 “(B) the paternity of the consumer for the
19 child to which the obligation relates has been
20 established or acknowledged by the consumer in
21 accordance with State laws under which the ob-
22 ligation arises (if required by those laws);

23 “(C) the person has provided at least 10
24 days’ prior notice to the consumer whose report
25 is requested, by certified or registered mail to

1 the last known address of the consumer, that
2 the report will be requested; and

3 “(D) the consumer report will be kept con-
4 fidential, will be used solely for a purpose de-
5 scribed in subparagraph (A), and will not be
6 used in connection with any other civil, admin-
7 istrative, or criminal proceeding, or for any
8 other purpose.

9 “(5) To an agency administering a State plan
10 under section 454 of the Social Security Act (42
11 U.S.C. 654) for use to set an initial or modified
12 child support award.”.

13 **SEC. 253. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
14 **PROVIDING FINANCIAL RECORDS TO STATE**
15 **CHILD SUPPORT ENFORCEMENT AGENCIES**
16 **IN CHILD SUPPORT CASES.**

17 (a) IN GENERAL.—Notwithstanding any other provi-
18 sion of Federal or State law, a financial institution shall
19 not be liable under any Federal or State law to any person
20 for disclosing any financial record of an individual to a
21 State child support enforcement agency attempting to es-
22 tablish, modify, or enforce a child support obligation of
23 such individual.

24 (b) PROHIBITION OF DISCLOSURE OF FINANCIAL
25 RECORD OBTAINED BY STATE CHILD SUPPORT EN-

1 FORCEMENT AGENCY.—A State child support enforcement
2 agency which obtains a financial record of an individual
3 from a financial institution pursuant to subsection (a)
4 may disclose such financial record only for the purpose
5 of establishing, modifying, or enforcing a child support ob-
6 ligation of that individual.

7 (c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-
8 SURE.—

9 (1) DISCLOSURE BY STATE OFFICER OR EM-
10 PLOYEE.—If any person knowingly or negligently
11 discloses a financial record of an individual in viola-
12 tion of subsection (b), such individual may bring a
13 civil action for damages against such person in a
14 district court of the United States.

15 (2) NO LIABILITY FOR GOOD FAITH BUT ERRO-
16 NEOUS INTERPRETATION.—No liability shall arise
17 under this subsection with respect to any disclosure
18 which results from a good faith, but erroneous, in-
19 terpretation of subsection (b).

20 (3) DAMAGES.—In any action brought under
21 paragraph (1), upon a finding of liability on the part
22 of the defendant, the defendant shall be liable to the
23 plaintiff in an amount equal to the sum of—

24 (A) the greater of—

1 (i) \$1,000 for each act of unauthor-
2 ized disclosure of a financial record with
3 respect to which such defendant is found
4 liable; or

5 (ii) the sum of—

6 (I) the actual damages sustained
7 by the plaintiff as a result of such un-
8 authorized disclosure; plus

9 (II) in the case of a willful disclo-
10 sure or a disclosure which is the re-
11 sult of gross negligence, punitive dam-
12 ages; plus

13 (B) the costs (including attorney's fees) of
14 the action.

15 (d) DEFINITIONS.—For purposes of this section—

16 (1) FINANCIAL INSTITUTION.—The term “fi-
17 nancial institution” means—

18 (A) a depository institution, as defined in
19 section 3(c) of the Federal Deposit Insurance
20 Act (12 U.S.C. 1813(c));

21 (B) an institution-affiliated party, as de-
22 fined in section 3(u) of such Act (12 U.S.C.
23 1813(v));

24 (C) any Federal credit union or State cred-
25 it union, as defined in section 101 of the Fed-

eral Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

(2) FINANCIAL RECORD.—The term “financial record” has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

(3) STATE CHILD SUPPORT ENFORCEMENT AGENCY.—The term “State child support enforcement agency” means a State agency which administers a State program for establishing and enforcing child support obligations.

Subtitle G—Enforcement of Support Orders

SEC. 261. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

1 (1) by striking “and” at the end of paragraph
2 (3);

3 (2) by striking the period at the end of para-
4 graph (4) and inserting “, and”;

5 (3) by adding at the end the following new
6 paragraph:

7 “(5) no additional fee may be assessed for ad-
8 justments to an amount previously certified pursu-
9 ant to such section 452(b) with respect to the same
10 obligor.”; and

11 (4) by striking “Secretary of Health, Edu-
12 cation, and Welfare” each place it appears and in-
13 serting “Secretary of Health and Human Services”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section become effective October 1, 1997.

16 **SEC. 262. AUTHORITY TO COLLECT SUPPORT FROM FED-**
17 **ERAL EMPLOYEES.**

18 (a) CONSOLIDATION AND STREAMLINING OF AU-
19 THORITIES.—Section 459 (42 U.S.C. 659) is amended to
20 read as follows:

1 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**
2 **WITHHOLDING, GARNISHMENT, AND SIMILAR**
3 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**
4 **SUPPORT AND ALIMONY OBLIGATIONS.**

5 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-
6 withstanding any other provision of law (including section
7 207 of this Act and section 5301 of title 38, United States
8 Code), effective January 1, 1975, moneys (the entitlement
9 to which is based upon remuneration for employment) due
10 from, or payable by, the United States or the District of
11 Columbia (including any agency, subdivision, or instru-
12 mentality thereof) to any individual, including members
13 of the Armed Forces of the United States, shall be subject,
14 in like manner and to the same extent as if the United
15 States or the District of Columbia were a private person,
16 to withholding in accordance with State law enacted pur-
17 suant to subsections (a)(1) and (b) of section 466 and reg-
18 ulations of the Secretary under such subsections, and to
19 any other legal process brought, by a State agency admin-
20 istering a program under a State plan approved under this
21 part or by an individual obligee, to enforce the legal obliga-
22 tion of the individual to provide child support or alimony.

23 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
24 PRIVATE PERSON.—With respect to notice to withhold in-
25 come pursuant to subsection (a)(1) or (b) of section 466,
26 or any other order or process to enforce support obliga-

1 tions against an individual (if the order or process con-
2 tains or is accompanied by sufficient data to permit
3 prompt identification of the individual and the moneys in-
4 volved), each governmental entity specified in subsection
5 (a) shall be subject to the same requirements as would
6 apply if the entity were a private person, except as other-
7 wise provided in this section.

8 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
9 OR PROCESS.—

10 “(1) DESIGNATION OF AGENT.—The head of
11 each agency subject to this section shall—

12 “(A) designate an agent or agents to re-
13 ceive orders and accept service of process in
14 matters relating to child support or alimony;
15 and

16 “(B) annually publish in the Federal Reg-
17 ister the designation of the agent or agents,
18 identified by title or position, mailing address,
19 and telephone number.

20 “(2) RESPONSE TO NOTICE OR PROCESS.—If an
21 agent designated pursuant to paragraph (1) of this
22 subsection receives notice pursuant to State proce-
23 dures in effect pursuant to subsection (a)(1) or (b)
24 of section 466, or is effectively served with any
25 order, process, or interrogatory, with respect to an

1 individual's child support or alimony payment obli-
2 gations, the agent shall—

3 “(A) as soon as possible (but not later
4 than 15 days) thereafter, send written notice of
5 the notice or service (together with a copy of
6 the notice or service) to the individual at the
7 duty station or last-known home address of the
8 individual;

9 “(B) within 30 days (or such longer period
10 as may be prescribed by applicable State law)
11 after receipt of a notice pursuant to such State
12 procedures, comply with all applicable provi-
13 sions of section 466; and

14 “(C) within 30 days (or such longer period
15 as may be prescribed by applicable State law)
16 after effective service of any other such order,
17 process, or interrogatory, respond to the order,
18 process, or interrogatory.

19 “(d) PRIORITY OF CLAIMS.—If a governmental entity
20 specified in subsection (a) receives notice or is served with
21 process, as provided in this section, concerning amounts
22 owed by an individual to more than 1 person—

23 “(1) support collection under section 466(b)
24 must be given priority over any other process, as
25 provided in section 466(b)(7);

1 “(2) allocation of moneys due or payable to an
2 individual among claimants under section 466(b)
3 shall be governed by section 466(b) and the regula-
4 tions prescribed under such section; and

5 “(3) such moneys as remain after compliance
6 with paragraphs (1) and (2) shall be available to
7 satisfy any other such processes on a first-come,
8 first-served basis, with any such process being satis-
9 fied out of such moneys as remain after the satisfac-
10 tion of all such processes which have been previously
11 served.

12 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A
13 governmental entity that is affected by legal process
14 served for the enforcement of an individual’s child support
15 or alimony payment obligations shall not be required to
16 vary its normal pay and disbursement cycle in order to
17 comply with the legal process.

18 “(f) RELIEF FROM LIABILITY.—

19 “(1) Neither the United States, nor the govern-
20 ment of the District of Columbia, nor any disbursing
21 officer shall be liable with respect to any payment
22 made from moneys due or payable from the United
23 States to any individual pursuant to legal process
24 regular on its face, if the payment is made in ac-

1 cordance with this section and the regulations issued
2 to carry out this section.

3 “(2) No Federal employee whose duties include
4 taking actions necessary to comply with the require-
5 ments of subsection (a) with regard to any individ-
6 ual shall be subject under any law to any discipli-
7 nary action or civil or criminal liability or penalty
8 for, or on account of, any disclosure of information
9 made by the employee in connection with the carry-
10 ing out of such actions.

11 “(g) REGULATIONS.—Authority to promulgate regu-
12 lations for the implementation of this section shall, insofar
13 as this section applies to moneys due from (or payable
14 by)—

15 “(1) the United States (other than the legisla-
16 tive or judicial branches of the Federal Government)
17 or the government of the District of Columbia, be
18 vested in the President (or the designee of the Presi-
19 dent);

20 “(2) the legislative branch of the Federal Gov-
21 ernment, be vested jointly in the President pro tem-
22 pore of the Senate and the Speaker of the House of
23 Representatives (or their designees), and

1 “(3) the judicial branch of the Federal Govern-
2 ment, be vested in the Chief Justice of the United
3 States (or the designee of the Chief Justice).

4 “(h) MONEYS SUBJECT TO PROCESS.—

5 “(1) IN GENERAL.—Subject to paragraph (2),
6 moneys paid or payable to an individual which are
7 considered to be based upon remuneration for em-
8 ployment, for purposes of this section—

9 “(A) consist of—

10 “(i) compensation paid or payable for
11 personal services of the individual, whether
12 the compensation is denominated as wages,
13 salary, commission, bonus, pay, allowances,
14 or otherwise (including severance pay, sick
15 pay, and incentive pay);

16 “(ii) periodic benefits (including a
17 periodic benefit as defined in section
18 228(h)(3)) or other payments—

19 “(I) under the insurance system
20 established by title II;

21 “(II) under any other system or
22 fund established by the United States
23 which provides for the payment of
24 pensions, retirement or retired pay,
25 annuities, dependents’ or survivors’

1 benefits, or similar amounts payable
2 on account of personal services per-
3 formed by the individual or any other
4 individual;

5 “(III) as compensation for death
6 under any Federal program;

7 “(IV) under any Federal pro-
8 gram established to provide ‘black
9 lung’ benefits; or

10 “(V) by the Secretary of Veter-
11 ans Affairs as compensation for a
12 service-connected disability paid by
13 the Secretary to a former member of
14 the Armed Forces who is in receipt of
15 retired or retainer pay if the former
16 member has waived a portion of the
17 retired or retainer pay in order to re-
18 ceive such compensation; and

19 “(iii) worker’s compensation benefits
20 paid under Federal or State law but

21 “(B) do not include any payment—

22 “(i) by way of reimbursement or oth-
23 erwise, to defray expenses incurred by the
24 individual in carrying out duties associated
25 with the employment of the individual; or

1 “(ii) as allowances for members of the
2 uniformed services payable pursuant to
3 chapter 7 of title 37, United States Code,
4 as prescribed by the Secretaries concerned
5 (defined by section 101(5) of such title) as
6 necessary for the efficient performance of
7 duty.

8 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-
9 mining the amount of any moneys due from, or pay-
10 able by, the United States to any individual, there
11 shall be excluded amounts which—

12 “(A) are owed by the individual to the
13 United States;

14 “(B) are required by law to be, and are,
15 deducted from the remuneration or other pay-
16 ment involved, including Federal employment
17 taxes, and fines and forfeitures ordered by
18 court-martial;

19 “(C) are properly withheld for Federal,
20 State, or local income tax purposes, if the with-
21 holding of the amounts is authorized or re-
22 quired by law and if amounts withheld are not
23 greater than would be the case if the individual
24 claimed all dependents to which he was entitled
25 (the withholding of additional amounts pursu-

1 ant to section 3402(i) of the Internal Revenue
2 Code of 1986 may be permitted only when the
3 individual presents evidence of a tax obligation
4 which supports the additional withholding);

5 “(D) are deducted as health insurance pre-
6 miums;

7 “(E) are deducted as normal retirement
8 contributions (not including amounts deducted
9 for supplementary coverage); or

10 “(F) are deducted as normal life insurance
11 premiums from salary or other remuneration
12 for employment (not including amounts de-
13 ducted for supplementary coverage).

14 “(i) DEFINITIONS.—For purposes of this section—

15 “(1) UNITED STATES.—The term ‘United
16 States’ includes any department, agency, or instru-
17 mentality of the legislative, judicial, or executive
18 branch of the Federal Government, the United
19 States Postal Service, the Postal Rate Commission,
20 any Federal corporation created by an Act of Con-
21 gress that is wholly owned by the Federal Govern-
22 ment, and the governments of the territories and
23 possessions of the United States.

24 “(2) CHILD SUPPORT.—The term ‘child sup-
25 port’, when used in reference to the legal obligations

1 of an individual to provide such support, means
2 amounts required to be paid under a judgment, de-
3 cree, or order, whether temporary, final, or subject
4 to modification, issued by a court or an administra-
5 tive agency of competent jurisdiction, for the sup-
6 port and maintenance of a child, including a child
7 who has attained the age of majority under the law
8 of the issuing State, or a child and the parent with
9 whom the child is living, which provides for mone-
10 tary support, health care, arrearages or reimburse-
11 ment, and which may include other related costs and
12 fees, interest and penalties, income withholding, at-
13 torney's fees, and other relief.

14 “(3) ALIMONY.—

15 “(A) IN GENERAL.—The term ‘alimony’,
16 when used in reference to the legal obligations
17 of an individual to provide the same, means
18 periodic payments of funds for the support and
19 maintenance of the spouse (or former spouse)
20 of the individual, and (subject to and in accord-
21 ance with State law) includes separate mainte-
22 nance, alimony pendente lite, maintenance, and
23 spousal support, and includes attorney's fees,
24 interest, and court costs when and to the extent
25 that the same are expressly made recoverable as

1 such pursuant to a decree, order, or judgment
2 issued in accordance with applicable State law
3 by a court of competent jurisdiction.

4 “(B) EXCEPTIONS.—Such term does not
5 include—

6 “(i) any child support; or

7 “(ii) any payment or transfer of prop-
8 erty or its value by an individual to the
9 spouse or a former spouse of the individual
10 in compliance with any community prop-
11 erty settlement, equitable distribution of
12 property, or other division of property be-
13 tween spouses or former spouses.

14 “(4) PRIVATE PERSON.—The term ‘private per-
15 son’ means a person who does not have sovereign or
16 other special immunity or privilege which causes the
17 person not to be subject to legal process.

18 “(5) LEGAL PROCESS.—The term ‘legal proc-
19 ess’ means any writ, order, summons, or other simi-
20 lar process in the nature of garnishment—

21 “(A) which is issued by—

22 “(i) a court or an administrative
23 agency of competent jurisdiction in any
24 State, territory, or possession of the Unit-
25 ed States;

1 “(ii) a court or an administrative
2 agency of competent jurisdiction in any
3 foreign country with which the United
4 States has entered into an agreement
5 which requires the United States to honor
6 the process; or

7 “(iii) an authorized official pursuant
8 to an order of such a court or an adminis-
9 trative agency of competent jurisdiction or
10 pursuant to State or local law; and

11 “(B) which is directed to, and the purpose
12 of which is to compel, a governmental entity
13 which holds moneys which are otherwise pay-
14 able to an individual to make a payment from
15 the moneys to another party in order to satisfy
16 a legal obligation of the individual to provide
17 child support or make alimony payments.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) TO PART D OF TITLE IV.—Sections 461 and
20 462 (42 U.S.C. 661 and 662) are repealed.

21 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
22 tion 5520a of title 5, United States Code, is amend-
23 ed, in subsections (h)(2) and (i), by striking “sec-
24 tions 459, 461, and 462 of the Social Security Act
25 (42 U.S.C. 659, 661, and 662)” and inserting “sec-

tion 459 of the Social Security Act (42 U.S.C. 659)”.
659)”.
(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking “and” at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting “; and”; and

(C) by adding after subparagraph (C) the following: new subparagraph:

“(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term ‘State’ includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.”.

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

1 (A) by inserting “or a support order, as
2 defined in section 453(p) of the Social Security
3 Act (42 U.S.C. 653(p)),” before “which—”;

4 (B) in subparagraph (B)(i), by striking
5 “(as defined in section 462(b) of the Social Se-
6 curity Act (42 U.S.C. 662(b)))” and inserting
7 “(as defined in section 459(i)(2) of the Social
8 Security Act (42 U.S.C. 662(i)(2)))”; and

9 (C) in subparagraph (B)(ii), by striking
10 “(as defined in section 462(c) of the Social Se-
11 curity Act (42 U.S.C. 662(c)))” and inserting
12 “(as defined in section 459(i)(3) of the Social
13 Security Act (42 U.S.C. 662(i)(3)))”.

14 (3) PUBLIC PAYEE.—Section 1408(d) of such
15 title is amended—

16 (A) in the heading, by inserting “(OR FOR
17 BENEFIT OF)” before “SPOUSE OR”; and

18 (B) in paragraph (1), in the 1st sentence,
19 by inserting “(or for the benefit of such spouse
20 or former spouse to a State disbursement unit
21 established pursuant to section 454B of the So-
22 cial Security Act or other public payee des-
23 ignated by a State, in accordance with part D
24 of title IV of the Social Security Act, as di-
25 rected by court order, or as otherwise directed

1 in accordance with such part D)” before “in an
2 amount sufficient”.

3 (4) RELATIONSHIP TO PART D OF TITLE IV.—

4 Section 1408 of such title is amended by adding at
5 the end the following new subsection:

6 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
7 involving an order providing for payment of child support
8 (as defined in section 459(i)(2) of the Social Security Act)
9 by a member who has never been married to the other
10 parent of the child, the provisions of this section shall not
11 apply, and the case shall be subject to the provisions of
12 section 459 of such Act.”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section become effective 6 months after the date of
15 the enactment of this Act.

16 **SEC. 263. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
17 **TIONS OF MEMBERS OF THE ARMED FORCES.**

18 (a) AVAILABILITY OF LOCATOR INFORMATION.—

19 (1) MAINTENANCE OF ADDRESS INFORMA-
20 TION.—The Secretary of Defense shall establish a
21 centralized personnel locator service that includes
22 the address of each member of the Armed Forces
23 under the jurisdiction of the Secretary. Upon re-
24 quest of the Secretary of Transportation, addresses

1 for members of the Coast Guard shall be included in
2 the centralized personnel locator service.

3 (2) TYPE OF ADDRESS.—

4 (A) RESIDENTIAL ADDRESS.—Except as
5 provided in subparagraph (B), the address for
6 a member of the Armed Forces shown in the
7 locator service shall be the residential address
8 of that member.

9 (B) DUTY ADDRESS.—The address for a
10 member of the Armed Forces shown in the loca-
11 tor service shall be the duty address of that
12 member in the case of a member—

13 (i) who is permanently assigned over-
14 seas, to a vessel, or to a routinely
15 deployable unit; or

16 (ii) with respect to whom the Sec-
17 retary concerned makes a determination
18 that the member's residential address
19 should not be disclosed due to national se-
20 curity or safety concerns.

21 (3) UPDATING OF LOCATOR INFORMATION.—

22 Within 30 days after a member listed in the locator
23 service establishes a new residential address (or a
24 new duty address, in the case of a member covered
25 by paragraph (2)(B)), the Secretary concerned shall

1 update the locator service to indicate the new ad-
2 dress of the member.

3 (4) AVAILABILITY OF INFORMATION.—The Sec-
4 retary of Defense shall make information regarding
5 the address of a member of the Armed Forces listed
6 in the locator service available, on request, to the
7 Federal Parent Locator Service established under
8 section 453 of the Social Security Act.

9 (b) FACILITATING GRANTING OF LEAVE FOR AT-
10 TENDANCE AT HEARINGS.—

11 (1) REGULATIONS.—The Secretary of each
12 military department, and the Secretary of Transpor-
13 tation with respect to the Coast Guard when it is
14 not operating as a service in the Navy, shall pre-
15 scribe regulations to facilitate the granting of leave
16 to a member of the Armed Forces under the juris-
17 diction of that Secretary in a case in which—

18 (A) the leave is needed for the member to
19 attend a hearing described in paragraph (2);

20 (B) the member is not serving in or with
21 a unit deployed in a contingency operation (as
22 defined in section 101 of title 10, United States
23 Code); and

24 (C) the exigencies of military service (as
25 determined by the Secretary concerned) do not

1 otherwise require that such leave not be grant-
2 ed.

3 (2) COVERED HEARINGS.—Paragraph (1) ap-
4 plies to a hearing that is conducted by a court or
5 pursuant to an administrative process established
6 under State law, in connection with a civil action—

7 (A) to determine whether a member of the
8 Armed Forces is a natural parent of a child; or

9 (B) to determine an obligation of a mem-
10 ber of the Armed Forces to provide child sup-
11 port.

12 (3) DEFINITIONS.—For purposes of this sub-
13 section—

14 (A) The term “court” has the meaning
15 given that term in section 1408(a) of title 10,
16 United States Code.

17 (B) The term “child support” has the
18 meaning given such term in section 459(i) of
19 the Social Security Act (42 U.S.C. 659(i)).

20 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
21 PLIANCE WITH CHILD SUPPORT ORDERS.—

22 (1) DATE OF CERTIFICATION OF COURT
23 ORDER.—Section 1408 of title 10, United States
24 Code, as amended by section 262(c)(4) of this Act,
25 is amended—

1 (A) by redesignating subsections (i) and (j)
2 as subsections (j) and (k), respectively; and

3 (B) by inserting after subsection (h) the
4 following new subsection:

5 “(i) CERTIFICATION DATE.—It is not necessary that
6 the date of a certification of the authenticity or complete-
7 ness of a copy of a court order for child support received
8 by the Secretary concerned for the purposes of this section
9 be recent in relation to the date of receipt by the Sec-
10 retary.”.

11 (2) PAYMENTS CONSISTENT WITH ASSIGN-
12 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)
13 of such title is amended by inserting after the 1st
14 sentence the following new sentence: “In the case of
15 a spouse or former spouse who, pursuant to section
16 402(a)(2) of the Social Security Act (42 U.S.C.
17 602(a)(2)), assigns to a State the rights of the
18 spouse or former spouse to receive support, the Sec-
19 retary concerned may make the child support pay-
20 ments referred to in the preceding sentence to that
21 State in amounts consistent with that assignment of
22 rights.”.

23 (3) ARREARAGES OWED BY MEMBERS OF THE
24 UNIFORMED SERVICES.—Section 1408(d) of such

1 title is amended by adding at the end the following
2 new paragraph:

3 “(6) In the case of a court order for which ef-
4 fective service is made on the Secretary concerned
5 on or after the date of the enactment of this para-
6 graph and which provides for payments from the
7 disposable retired pay of a member to satisfy the
8 amount of child support set forth in the order, the
9 authority provided in paragraph (1) to make pay-
10 ments from the disposable retired pay of a member
11 to satisfy the amount of child support set forth in
12 a court order shall apply to payment of any amount
13 of child support arrearages set forth in that order as
14 well as to amounts of child support that currently
15 become due.”.

16 (4) PAYROLL DEDUCTIONS.—The Secretary of
17 Defense shall begin payroll deductions within 30
18 days after receiving notice of withholding, or for the
19 1st pay period that begins after such 30-day period.

20 **SEC. 264. VOIDING OF FRAUDULENT TRANSFERS.**

21 Section 466 (42 U.S.C. 666), as amended by section
22 221 of this Act, is amended by adding at the end the fol-
23 lowing new subsection:

1 “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In
 2 order to satisfy section 454(20)(A), each State must have
 3 in effect—

4 “(1)(A) the Uniform Fraudulent Conveyance
 5 Act of 1981;

6 “(B) the Uniform Fraudulent Transfer Act of
 7 1984; or

8 “(C) another law, specifying indicia of fraud
 9 which create a prima facie case that a debtor trans-
 10 ferred income or property to avoid payment to a
 11 child support creditor, which the Secretary finds af-
 12 fords comparable rights to child support creditors;
 13 and

14 “(2) procedures under which, in any case in
 15 which the State knows of a transfer by a child sup-
 16 port debtor with respect to which such a prima facie
 17 case is established, the State must—

18 “(A) seek to void such transfer; or

19 “(B) obtain a settlement in the best inter-
 20 ests of the child support creditor.”.

21 **SEC. 265. WORK REQUIREMENT FOR PERSONS OWING**
 22 **PAST-DUE CHILD SUPPORT.**

23 (a) IN GENERAL.—Section 466(a) of the Social Secu-
 24 rity Act (42 U.S.C. 666(a)), as amended by sections 215,

1 217(a), and 223 of this Act, is amended by adding at the
2 end the following new paragraph:

3 “(15) PROCEDURES TO ENSURE THAT PERSONS
4 OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN
5 FOR PAYMENT OF SUCH SUPPORT.—

6 “(A) IN GENERAL.—Procedures under
7 which the State has the authority, in any case
8 in which an individual owes past-due support
9 with respect to a child receiving assistance
10 under a State program funded under part A,
11 to seek a court order that requires the individ-
12 ual to—

13 “(i) pay such support in accordance
14 with a plan approved by the court, or, at
15 the option of the State, a plan approved by
16 the State agency administering the State
17 program under this part; or

18 “(ii) if the individual is subject to
19 such a plan and is not incapacitated, par-
20 ticipate in such work activities (as defined
21 in section 407(d)) as the court, or, at the
22 option of the State, the State agency ad-
23 ministering the State program under this
24 part, deems appropriate.

1 “(B) PAST-DUE SUPPORT DEFINED.—For
2 purposes of subparagraph (A), the term ‘past-
3 due support’ means the amount whose payment
4 is overdue as determined under a court order,
5 or an order of an administrative process estab-
6 lished under State law, for support and mainte-
7 nance of a child, or of a child and the parent
8 with whom the child is living.”.

9 (b) CONFORMING AMENDMENT.—The flush para-
10 graph at the end of section 466(a) (42 U.S.C.666(a)) is
11 amended by striking “and (7)” and inserting “(7), and
12 (15)”.

13 **SEC. 266. DEFINITION OF SUPPORT ORDER.**

14 Section 453 (42 U.S.C. 653) as amended by sections
15 216 and 246(b) of this Act, is amended by adding at the
16 end the following new subsection:

17 “(p) SUPPORT ORDER DEFINED.—As used in this
18 part, the term ‘support order’ means a judgment, decree,
19 or order, whether temporary, final, or subject to modifica-
20 tion, issued by a court or an administrative agency of com-
21 petent jurisdiction, for the support and maintenance of a
22 child, including a child who has attained the age of major-
23 ity under the law of the issuing State, or a child and the
24 parent with whom the child is living, which provides for
25 monetary support, health care, arrearages, or reimburse-

1 ment, and which may include related costs and fees, inter-
2 est and penalties, income withholding, attorneys' fees, and
3 other relief.”.

4 **SEC. 267. REPORTING ARREARAGES TO CREDIT BUREAUS.**

5 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
6 to read as follows:

7 “(7) REPORTING ARREARAGES TO CREDIT BU-
8 REAUS.—

9 “(A) IN GENERAL.—Procedures (subject to
10 safeguards pursuant to subparagraph (B)) re-
11 quiring the State to report periodically to
12 consumer reporting agencies (as defined in sec-
13 tion 603(f) of the Fair Credit Reporting Act
14 (15 U.S.C. 1681a(f)) the name of any non-
15 custodial parent who is delinquent in the pay-
16 ment of support, and the amount of overdue
17 support owed by such parent.

18 “(B) SAFEGUARDS.—Procedures ensuring
19 that, in carrying out subparagraph (A), infor-
20 mation with respect to a noncustodial parent is
21 reported—

22 “(i) only after such parent has been
23 afforded all due process required under
24 State law, including notice and a reason-

1 able opportunity to contest the accuracy of
2 such information; and

3 “(ii) only to an entity that has fur-
4 nished evidence satisfactory to the State
5 that the entity is a consumer reporting
6 agency (as so defined).”.

7 **SEC. 268. LIENS.**

8 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
9 to read as follows:

10 “(4) LIENS.—Procedures under which—

11 “(A) liens arise by operation of law against
12 real and personal property for amounts of over-
13 due support owed by a noncustodial parent who
14 resides or owns property in the State; and

15 “(B) the State accords full faith and credit
16 to liens described in subparagraph (A) arising
17 in another State, without registration of the un-
18 derlying order.”.

19 **SEC. 269. STATE LAW AUTHORIZING SUSPENSION OF LI-**
20 **CENSES.**

21 Section 466(a) (42 U.S.C. 666(a)), as amended by
22 sections 215, 217(a), 223, and 265 of this Act, is amended
23 by adding at the end the following:

24 “(16) AUTHORITY TO WITHHOLD OR SUSPEND
25 LICENSES.—Procedures under which the State has

1 (and uses in appropriate cases) authority to withhold
2 or suspend, or to restrict the use of, driver's li-
3 censes, professional and occupational licenses, and
4 recreational licenses of individuals owing overdue
5 support or failing, after receiving appropriate notice,
6 to comply with subpoenas or warrants relating to
7 paternity or child support proceedings.”.

8 **SEC. 270. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
9 **CHILD SUPPORT.**

10 (a) HHS CERTIFICATION PROCEDURE.—

11 (1) SECRETARIAL RESPONSIBILITY.—Section
12 452 (42 U.S.C. 652), as amended by section 246 of
13 this Act, is amended by adding at the end the fol-
14 lowing new subsection:

15 “(k)(1) If the Secretary receives a certification by a
16 State agency in accordance with the requirements of sec-
17 tion 454(31) that an individual owes arrearages of child
18 support in an amount exceeding \$5,000, the Secretary
19 shall transmit such certification to the Secretary of State
20 for action (with respect to denial, revocation, or limitation
21 of passports) pursuant to section 270(b) of the Work First
22 and Personal Responsibility Act of 1996.

23 “(2) The Secretary shall not be liable to an in-
24 dividual for any action with respect to a certification
25 by a State agency under this section.”.

1 (2) STATE AGENCY RESPONSIBILITY.—Section
2 454 (42 U.S.C. 654), as amended by sections
3 201(b), 203(a), 212(b), 213(a), 233, and 244(b) of
4 this Act, is amended—

5 (A) by striking “and” at the end of para-
6 graph (29);

7 (B) by striking the period at the end of
8 paragraph (30) and inserting “; and”; and

9 (C) by adding after paragraph (30) the fol-
10 lowing new paragraph:

11 “(31) provide that the State agency will have in
12 effect a procedure for certifying to the Secretary, for
13 purposes of the procedure under section 452(k), de-
14 terminations that individuals owe arrearages of child
15 support in an amount exceeding \$5,000, under
16 which procedure—

17 “(A) each individual concerned is afforded
18 notice of such determination and the con-
19 sequences thereof, and an opportunity to con-
20 test the determination; and

21 “(B) the certification by the State agency
22 is furnished to the Secretary in such format,
23 and accompanied by such supporting docu-
24 mentation, as the Secretary may require.”.

1 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
2 OF PASSPORTS.—

3 (1) IN GENERAL.—The Secretary of State shall,
4 upon certification by the Secretary of Health and
5 Human Services transmitted under section 452(k) of
6 the Social Security Act, refuse to issue a passport to
7 such individual, and may revoke, restrict, or limit a
8 passport issued previously to such individual.

9 (2) LIMIT ON LIABILITY.—The Secretary of
10 State shall not be liable to an individual for any ac-
11 tion with respect to a certification by a State agency
12 under this section.

13 (c) EFFECTIVE DATE.—This section and the amend-
14 ments made by this section become effective October 1,
15 1996.

16 **SEC. 271. INTERNATIONAL CHILD SUPPORT ENFORCE-**
17 **MENT.**

18 (a) AUTHORITY FOR INTERNATIONAL AGREE-
19 MENTS.—Part D of title IV, as amended by section 262(a)
20 of this Act, is amended by adding after section 459 the
21 following new section:

22 **“SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCE-**
23 **MENT.**

24 **“(a) AUTHORITY FOR DECLARATIONS.—**

1 “(1) DECLARATION.—The Secretary of State,
2 with the concurrence of the Secretary of Health and
3 Human Services, is authorized to declare any foreign
4 country (or a political subdivision thereof) to be a
5 foreign reciprocating country if the foreign country
6 has established, or undertakes to establish, proce-
7 dures for the establishment and enforcement of du-
8 ties of support owed to obligees who are residents of
9 the United States, and such procedures are substan-
10 tially in conformity with the standards prescribed
11 under subsection (b).

12 “(2) REVOCATION.—A declaration with respect
13 to a foreign country made pursuant to paragraph
14 (1) may be revoked if the Secretaries of State and
15 Health and Human Services determine that—

16 “(A) the procedures established by the for-
17 eign nation regarding the establishment and en-
18 forcement of duties of support have been so
19 changed, or the foreign nation’s implementation
20 of such procedures is so unsatisfactory, that
21 such procedures do not meet the criteria for
22 such a declaration; or

23 “(B) continued operation of the declaration
24 is not consistent with the purposes of this part.

1 “(3) FORM OF DECLARATION.—A declaration
2 under paragraph (1) may be made in the form of an
3 international agreement, in connection with an inter-
4 national agreement or corresponding foreign declara-
5 tion, or on a unilateral basis.

6 “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-
7 MENT PROCEDURES.—

8 “(1) MANDATORY ELEMENTS.—Child support
9 enforcement procedures of a foreign country which
10 may be the subject of a declaration pursuant to sub-
11 section (a)(1) shall include the following elements:

12 “(A) The foreign country (or political sub-
13 division thereof) has in effect procedures, avail-
14 able to residents of the United States—

15 “(i) for establishment of paternity,
16 and for establishment of orders of support
17 for children and custodial parents; and

18 “(ii) for enforcement of orders to pro-
19 vide support to children and custodial par-
20 ents, including procedures for collection
21 and appropriate distribution of support
22 payments under such orders.

23 “(B) The procedures described in subpara-
24 graph (A), including legal and administrative

1 assistance, are provided to residents of the
2 United States at no cost.

3 “(C) An agency of the foreign country is
4 designated as a Central Authority responsible
5 for—

6 “(i) facilitating child support enforce-
7 ment in cases involving residents of the
8 foreign nation and residents of the United
9 States; and

10 “(ii) ensuring compliance with the
11 standards established pursuant to this sub-
12 section.

13 “(2) ADDITIONAL ELEMENTS.—The Secretary
14 of Health and Human Services and the Secretary of
15 State, in consultation with the States, may establish
16 such additional standards as may be considered nec-
17 essary to further the purposes of this section.

18 “(c) DESIGNATION OF UNITED STATES CENTRAL
19 AUTHORITY.—It shall be the responsibility of the Sec-
20 retary of Health and Human Services to facilitate child
21 support enforcement in cases involving residents of the
22 United States and residents of foreign nations that are
23 the subject of a declaration under this section, by activities
24 including—

1 “(1) development of uniform forms and proce-
2 dures for use in such cases;

3 “(2) notification of foreign reciprocating coun-
4 tries of the State of residence of individuals sought
5 for support enforcement purposes, on the basis of in-
6 formation provided by the Federal Parent Locator
7 Service; and

8 “(3) such other oversight, assistance, and co-
9 ordination activities as the Secretary may find nec-
10 essary and appropriate.

11 “(d) EFFECT ON OTHER LAWS.—States may enter
12 into reciprocal arrangements for the establishment and en-
13 forcement of child support obligations with foreign coun-
14 tries that are not the subject of a declaration pursuant
15 to subsection (a), to the extent consistent with Federal
16 law.”.

17 (b) STATE PLAN REQUIREMENT.—Section 454 (42
18 U.S.C. 654), as amended by sections 201(b), 203(a),
19 212(b), 213(a), 233, 244(b), and 270(a)(2) of this Act,
20 is amended—

21 (1) by striking “and” at the end of paragraph
22 (30);

23 (2) by striking the period at the end of para-
24 graph (31) and inserting “; and”; and

1 (3) by adding after paragraph (31) the follow-
2 ing new paragraph:

3 “(32)(A) provide that any request for services
4 under this part by a foreign reciprocating country or
5 a foreign country with which the State has an ar-
6 rangement described in section 459A(d)(2) shall be
7 treated as a request by a State;

8 “(B) provide, at State option, notwith-
9 standing paragraph (4) or any other provision
10 of this part, for services under the plan for en-
11 forcement of a spousal support order not de-
12 scribed in paragraph (4)(B) entered by such a
13 country (or subdivision); and

14 “(C) provide that no applications will be
15 required from, and no costs will be assessed for
16 such services against, the foreign reciprocating
17 country or foreign obligee (but costs may at
18 State option be assessed against the obligor).”.

19 **SEC. 272. FINANCIAL INSTITUTION DATA MATCHES.**

20 Section 466(a) (42 U.S.C. 666(a)), as amended by
21 sections 215, 217(a), 223, 265, and 269 of this Act, is
22 amended by adding at the end the following new para-
23 graph:

24 “(17) FINANCIAL INSTITUTION DATA
25 MATCHES.—

1 “(A) IN GENERAL.—Procedures under
2 which the State agency shall enter into agree-
3 ments with financial institutions doing business
4 in the State—

5 “(i) to develop and operate, in coordi-
6 nation with such financial institutions, a
7 data match system, using automated data
8 exchanges to the maximum extent feasible,
9 in which each such financial institution is
10 required to provide for each calendar quar-
11 ter the name, record address, social secu-
12 rity number or other taxpayer identifica-
13 tion number, and other identifying infor-
14 mation for each noncustodial parent who
15 maintains an account at such institution
16 and who owes past-due support, as identi-
17 fied by the State by name and social secu-
18 rity number or other taxpayer identifica-
19 tion number; and

20 “(ii) in response to a notice of lien or
21 levy, encumber or surrender, as the case
22 may be, assets held by such institution on
23 behalf of any noncustodial parent who is
24 subject to a child support lien pursuant to
25 paragraph (4).

1 “(B) REASONABLE FEES.—The State
2 agency may pay a reasonable fee to a financial
3 institution for conducting the data match pro-
4 vided for in subparagraph (A)(i), not to exceed
5 the actual costs incurred by such financial insti-
6 tution.

7 “(C) LIABILITY.—A financial institution
8 shall not be liable under any Federal or State
9 law to any person—

10 “(i) for any disclosure of information
11 to the State agency under subparagraph
12 (A)(i);

13 “(ii) for encumbering or surrendering
14 any assets held by such financial institu-
15 tion in response to a notice of lien or levy
16 issued by the State agency as provided for
17 in subparagraph (A)(ii); or

18 “(iii) for any other action taken in
19 good faith to comply with the requirements
20 of subparagraph (A).

21 “(D) DEFINITIONS.—For purposes of this
22 paragraph—

23 “(i) FINANCIAL INSTITUTION.—The
24 term ‘financial institution’ means any Fed-
25 eral or State commercial savings bank, in-

cluding savings association or cooperative bank, Federal- or State-chartered credit union, benefit association, insurance company, safe deposit company, money-market mutual fund, or any similar entity authorized to do business in the State; and

“(ii) ACCOUNT.—The term ‘account’ means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.”.

SEC. 273. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 215, 217(a), 223, 265, 269, and 272 of this Act, is amended by adding at the end the following new paragraph:

“(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State’s option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parents of such child is receiving assistance under the State program under part A, shall be enforceable, jointly

1 and severally, against the parents of the noncusto-
2 dial parents of such child.”.

3 **SEC. 274. NONDISCHARGEABILITY IN BANKRUPTCY OF**
4 **CERTAIN DEBTS FOR THE SUPPORT OF A**
5 **CHILD.**

6 (a) AMENDMENT TO TITLE 11 OF THE UNITED
7 STATES CODE.—Section 523(a) of title 11, United States
8 Code, is amended—

9 (1) in paragraph (16) by striking the period at
10 the end and inserting “; or”,

11 (2) by adding at the end the following:

12 “(17) to a State or municipality for assistance
13 provided by such State or municipality under a
14 State program funded under part A of title IV of the
15 Social Security Act to the extent that such assist-
16 ance is provided for the support of a child of the
17 debtor.”, and

18 (3) in paragraph (5), by striking “(26)” and in-
19 serting “(2)”.

20 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—
21 Section 456(b) of the Social Security Act (42 U.S.C.
22 656(b)) is amended to read as follows:

23 “(b) NONDISCHARGEABILITY.—A debt (as defined in
24 section 101 of title 11 of the United States Code) to a
25 State (as defined in such section) or municipality (as de-

1 fined in such section) for assistance provided by such
 2 State or municipality under a State program funded under
 3 part A of title IV is not dischargeable under section 727,
 4 1141, 1228(a), 1228(b), or 1328(b) of title 11 of the Unit-
 5 ed States Code to the extent that such assistance is pro-
 6 vided for the support of a child of the debtor (as defined
 7 in such section).”.

8 (c) APPLICATION OF AMENDMENTS.—The amend-
 9 ments made by this section apply only with respect to
 10 cases commenced under title 11 of the United States Code
 11 after the effective date of this section.

12 **Subtitle H—Medical Support**

13 **SEC. 276. CORRECTION TO ERISA DEFINITION OF MEDICAL** 14 **CHILD SUPPORT ORDER.**

15 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-
 16 ployee Retirement Income Security Act of 1974 (29
 17 U.S.C. 1169(a)(2)(B)) is amended—

18 (1) by striking “issued by a court of competent
 19 jurisdiction”;

20 (2) by striking the period at the end of clause
 21 (ii) and inserting a comma; and

22 (3) by adding, after and below clause (ii), the
 23 following: “if such judgment, decree, or order (I) is
 24 issued by a court of competent jurisdiction or (II) is
 25 issued through an administrative process established

1 under State law and has the force and effect of law
2 under applicable State law.”.

3 (b) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section take effect on the date of the enactment
6 of this Act.

7 (2) PLAN AMENDMENTS NOT REQUIRED UNTIL
8 JULY 1, 1996.—Any amendment to a plan required to
9 be made by an amendment made by this section
10 shall not be required to be made before the first plan
11 year beginning on or after July 1, 1996, if—

12 (A) during the period following the day be-
13 fore the date of enactment of this Act and be-
14 fore the first plan year, the plan is operated in
15 accordance with the requirements of the amend-
16 ments made by this section; and

17 (B) the plan amendment applies retro-
18 actively to the period specified in subparagraph

19 (A).

20 A plan shall not be treated as failing to be operated in
21 accordance with the provisions of the plan merely because
22 it operates in accordance with this paragraph.

1 **SEC. 277. ENFORCEMENT OF ORDERS FOR HEALTH CARE**
2 **COVERAGE.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by
4 sections 215, 217(a), 223, 265, 269, 272, and 273 of this
5 Act, is amended by adding at the end the following new
6 paragraph:

7 “(19) **HEALTH CARE COVERAGE.**—Procedures
8 under which all child support orders established or
9 modified pursuant to this part shall include a provi-
10 sion for the health care coverage of the child, and
11 in the case in which a noncustodial parent provides
12 such coverage and changes employment, and the new
13 employer provides health care coverage, the State
14 agency shall transfer notice of the provision to the
15 employer, which notice shall operate to enroll the
16 child in the noncustodial parent’s health plan, unless
17 the noncustodial parent contests the notice.”.

18 **Subtitle I—Enhancing Responsibil-**
19 **ity and Opportunity for Non-**
20 **Residential Parents**

21 **SEC. 281. GRANTS TO STATES FOR ACCESS AND VISITATION**
22 **PROGRAMS.**

23 Part D of title IV (42 U.S.C. 651–669) is amended
24 by adding at the end the following:

1 **“SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITA-**
2 **TION PROGRAMS.**

3 “(a) IN GENERAL.—The Secretary shall make grants
4 under this section to enable States to establish and admin-
5 ister programs to support and facilitate noncustodial par-
6 ents’ access to and visitation of their children, by means
7 of activities including mediation (both voluntary and man-
8 datory), counseling, education, development of parenting
9 plans, visitation enforcement (including monitoring, super-
10 vision and neutral drop-off and pickup), and development
11 of guidelines for visitation and alternative custody ar-
12 rangements.

13 “(b) AMOUNT OF GRANT.—The amount of the grant
14 to be made to a State under this section for a fiscal year
15 shall be an amount equal to the lesser of—

16 “(1) 90 percent of State expenditures during
17 the fiscal year for activities described in subsection
18 (a); or

19 “(2) the allotment of the State under sub-
20 section (c) for the fiscal year.

21 “(c) ALLOTMENTS TO STATES.—

22 “(1) IN GENERAL.—The allotment of a State
23 for a fiscal year is the amount that bears the same
24 ratio to the amount appropriated for grants under
25 this section for the fiscal year as the number of chil-
26 dren in the State living with only 1 biological parent

1 bears to the total number of such children in all
2 States.

3 “(2) MINIMUM ALLOTMENT.—The Administra-
4 tion for Children and Families shall adjust allot-
5 ments to States under paragraph (1) as necessary
6 to ensure that no State is allotted less than—

7 “(A) \$50,000 for fiscal year 1996 or 1997;

8 or

9 “(B) \$100,000 for any succeeding fiscal
10 year.

11 “(d) NO SUPPLANTATION OF STATE EXPENDITURES
12 FOR SIMILAR ACTIVITIES.—A State to which a grant is
13 made under this section may not use the grant to supplant
14 expenditures by the State for activities specified in sub-
15 section (a), but shall use the grant to supplement such
16 expenditures at a level at least equal to the level of such
17 expenditures for fiscal year 1995.

18 “(e) STATE ADMINISTRATION.—Each State to which
19 a grant is made under this section—

20 “(1) may administer State programs funded
21 with the grant, directly or through grants to or con-
22 tracts with courts, local public agencies, or non-prof-
23 it private entities;

24 “(2) shall not be required to operate such pro-
25 grams on a statewide basis; and

1 “(3) shall monitor, evaluate, and report on such
2 programs in accordance with regulations prescribed
3 by the Secretary.”.

4 **Subtitle J—Effect of Enactment**

5 **SEC. 291. EFFECTIVE DATES.**

6 (a) IN GENERAL.—Except as otherwise specifically
7 provided (but subject to subsections (b) and (c))—

8 (1) the provisions of this title requiring the en-
9 actment or amendment of State laws under section
10 466 of the Social Security Act, or revision of State
11 plans under section 454 of such Act, are effective
12 with respect to periods beginning on and after Octo-
13 ber 1, 1996; and

14 (2) all other provisions of this title are effective
15 upon the date of the enactment of this Act.

16 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
17 provisions of this title shall become effective with respect
18 to a State on the later of—

19 (1) the date specified in this title, or

20 (2) the effective date of laws enacted by the leg-
21 islature of such State implementing such provisions,
22 but in no event later than the 1st day of the 1st calendar
23 quarter beginning after the close of the 1st regular session
24 of the State legislature that begins after the date of the
25 enactment of this Act. For purposes of the previous sen-

1 tence, in the case of a State that has a 2-year legislative
 2 session, each year of such session shall be deemed to be
 3 a separate regular session of the State legislature.

4 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
 5 AMENDMENT.—A State shall not be found out of compli-
 6 ance with any requirement enacted by this title if the State
 7 is unable to so comply without amending the State con-
 8 stitution until the earlier of—

9 (1) 1 year after the effective date of the nec-
 10 essary State constitutional amendment; or

11 (2) 5 years after the date of the enactment of
 12 this Act.

13 **TITLE III—FOOD ASSISTANCE**

14 **Subtitle A—Food Stamps**

15 **SEC. 301. SHORT TITLE.**

16 This subtitle may be cited as “The Food Stamp Act
 17 Amendments of 1996”.

18 **PART 1—BUDGETARY PROPOSALS**

19 **SEC. 311. INCLUDE CHILDREN UNDER 22 YEARS OLD IN** 20 **THEIR PARENTS’ HOUSEHOLDS.**

21 Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C.
 22 2012(i)) is amended by striking the first parenthetical
 23 phrase in the second sentence.

1 **SEC. 312. USE THE COST OF THE THRIFTY FOOD PLAN FOR**
2 **ALLOTMENT ADJUSTMENTS.**

3 Section 3(o) of the Food Stamp Act of 1977 (7
4 U.S.C. 2012(o)) is amended—

5 (1) in clause (11), by inserting “until October
6 1, 1996,” after “thereafter,”; and

7 (2) by adding a new third sentence at the end
8 as follows: “On October 1, 1996, and each October
9 1 thereafter, adjust the cost of such diet to reflect
10 the cost of the thrifty food plan in the preceding
11 June, and round the result to the nearest lower dol-
12 lar increment for each household size.”.

13 **SEC. 313. LOWER AGE FOR EXCLUDING STUDENTS’ EARN-**
14 **INGS.**

15 Section 5(d)(7) of the Food Stamp Act of 1977 (7
16 U.S.C. 2014(d)(7)) is amended by striking “is 21 years
17 of age or younger” and inserting “has not reached the
18 age of 18”.

19 **SEC. 314. COUNT GOVERNMENTAL ENERGY ASSISTANCE AS**
20 **INCOME.**

21 (a) Section 5(d)(11) of the Food Stamp Act of 1977
22 (7 U.S.C. 2014(d)) is amended to read as follows—

23 “(11) a 1-time payment or allowance made
24 under a Federal or State law for the costs of weath-
25 erization or emergency repair or replacement of an

1 unsafe or inoperative furnace or other heating or
2 cooling device,”.

3 (b) Section 5(e) of the Food Stamp Act of 1977 (7
4 U.S.C. 2014(e)) is amended by striking “If a State agency
5 elects” and all that follows through “season for which it
6 was provided.”.

7 (c) Section 5(k) of the Food Stamp Act of 1977 (7
8 U.S.C. 2014(k)) is amended by—

9 (1) striking, in paragraph (1)(B), “, not includ-
10 ing energy or utility-cost assistance,”;

11 (2) striking paragraph (2)(C); and

12 (3) adding at the end the following—

13 “(4)(A) For purposes of subsection (d)(1), a
14 payment made under a Federal or State law to pro-
15 vide energy assistance to a household shall be con-
16 sidered money payable directly to the household.

17 “(B) For purposes of subsection (e), an ex-
18 pense paid on behalf of a household under a
19 Federal or State law to provide energy assist-
20 ance shall be considered an out-of-pocket ex-
21 pense incurred and paid by the household.”.

22 (d) Section 2605(f) of the Low-Income Home Energy
23 Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended
24 by—

1 (1) striking “(1) Notwithstanding any other
2 provision of law unless” and inserting “Notwith-
3 standing any other provision of law except the Food
4 Stamp Act of 1977 (7 U.S.C. 2011 et seq.), and
5 any”;

6 (2) striking, in paragraph (1), “food stamps,”;
7 and

8 (3) striking paragraph (2).

9 **SEC. 315. REDUCE THE STANDARD DEDUCTION.**

10 Section 5(e) of the Food Stamp Act of 1977 (7
11 U.S.C. 2014(e)) is amended by striking the first two sen-
12 tences and inserting—“The Secretary shall allow a stand-
13 ard deduction for each household in the 48 contiguous
14 States and the District of Columbia, Alaska, Hawaii,
15 Guam, and the Virgin Islands of the United States of—

16 “(i) for fiscal year 1996, \$130, \$222, \$183,
17 \$260, and \$114, respectively;

18 “(ii) for fiscal years 1997 through 2000, \$122,
19 \$208, \$171, \$244, and \$106, respectively; and

20 “(iii) on October 1, 2000, and each October 1
21 thereafter, the Secretary shall adjust the standard
22 deduction to the nearest lower dollar increment to
23 reflect changes in the Consumer Price Index for all
24 urban consumers published by the Bureau of Labor

1 Statistics, for items other than food, for the 12-
2 month period ending the preceding June 30.”.

3 **SEC. 316. PROVIDE A STATE OPTION TO MANDATE USE OF**
4 **STANDARD UTILITY ALLOWANCES.**

5 Section 5(e) of the Food Stamp Act of 1977 (7
6 U.S.C. 2014(e)) is amended by inserting before “No such
7 allowance may be used” the following new sentence: “A
8 State agency may make the use of a standard utility allow-
9 ance mandatory for all households with qualifying utility
10 costs if (1) the State agency has developed one or more
11 standards that include the cost of heating and cooling and
12 one or more standards that do not include the cost of heat-
13 ing and cooling; and (2) the Secretary finds that the
14 standards will not result in increased program costs.”.

15 **SEC. 317. REVISE INDEXATION OF VEHICLE ASSET LIMITA-**
16 **TION.**

17 The first sentence of section 5(g)(2) of the Food
18 Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by
19 striking “through September 30, 1996” and all that fol-
20 lows through “such date and on” and inserting “and shall
21 be adjusted on October 1, 1996, and”.

22 **SEC. 318. COUNT VENDOR PAYMENTS FOR TRANSITIONAL**
23 **HOUSING AS INCOME.**

24 Section 5(k)(2) of the Food Stamp Act of 1977 (7
25 U.S.C. 2014(k)(2)) is amended by—

- 1 (1) striking subparagraph (F); and
2 (2) redesignating subparagraphs (G) and (H)
3 as subparagraphs (F) and (G), respectively.

4 **SEC. 319. STRENGTHEN PENALTIES FOR NONCOMPLIANCE**
5 **WITH WORK REQUIREMENTS.**

6 (a) Section 6(d) of the Food Stamp Act of 1977 (7
7 U.S.C. 2015(d)) is amended by striking “(d)(1) Unless
8 otherwise exempted by the provisions” and all that follows
9 through the end of paragraph (1) and inserting the follow-
10 ing—

11 “(d)(1)(A) No physically and mentally fit individual
12 over the age of 15 and under the age of 60 shall be eligible
13 to participate in the food stamp program if the individ-
14 ual—

15 “(i) refuses, at the time of application and
16 every 12 months thereafter, to register for employ-
17 ment in a manner prescribed by the Secretary;

18 “(ii) refuses without good cause to participate
19 in an employment and training program under para-
20 graph (4), to the extent required by the State agen-
21 cy;

22 “(iii) refuses without good cause to accept an
23 offer of employment, at a site or plant not subject
24 to a strike or lockout at the time of the refusal, at
25 a wage not less than the higher of—

1 “(I) the applicable Federal or State mini-
2 mum wage; or

3 “(II) 80 percent of the wage that would
4 have governed had the minimum hourly rate
5 under section 6(a)(1) of the Fair Labor Stand-
6 ards Act of 1938 (29 U.S.C. 206(a)(1)) been
7 applicable to the offer of employment;

8 “(iv) refuses without good cause to provide a
9 State agency with sufficient information to allow the
10 State agency to determine the employment status or
11 the job availability of the individual;

12 “(v) voluntarily and without good cause—

13 “(I) quits a job; or

14 “(II) reduces work effort and, after the re-
15 duction, the individual is working less than 30
16 hours per week; or

17 “(vi) fails to comply with section 20.

18 “(B) If an individual who is the head of a household
19 becomes ineligible to participate in the food stamp pro-
20 gram under subparagraph (A), the household shall, at the
21 option of the State agency, become ineligible to participate
22 in the food stamp program for a period, determined by
23 the State agency, that does not exceed the lesser of—

24 “(i) the duration of the ineligibility of the indi-
25 vidual determined under subparagraph (C); or

1 “(ii) 180 days.

2 “(C)(i) The first time that an individual becomes in-
3 eligible to participate in the food stamp program under
4 subparagraph (A), the individual shall remain ineligible
5 until the later of—

6 “(I) the date the individual becomes eligible
7 under subparagraph (A);

8 “(II) the date that is 1 month after the date
9 the individual became ineligible; or

10 “(III) a date determined by the State agency
11 that is not later than 3 months after the date the
12 individual became ineligible.

13 “(ii) The second time that an individual becomes in-
14 eligible to participate in the food stamp program under
15 subparagraph (A), the individual shall remain ineligible
16 until the later of—

17 “(I) the date the individual becomes eligible
18 under subparagraph (A);

19 “(II) the date that is 3 months after the date
20 the individual became ineligible; or

21 “(III) a date determined by the State agency
22 that is not later than 6 months after the date the
23 individual became ineligible.

24 “(iii) The third or subsequent time that an individual
25 becomes ineligible to participate in the food stamp pro-

1 gram under subparagraph (A), the individual shall remain
2 ineligible until the later of—

3 “(I) the date the individual becomes eligible
4 under subparagraph (A);

5 “(II) the date that is 6 months after the date
6 the individual became ineligible;

7 “(III) a date determined by the State agency;
8 or

9 “(IV) at the option of the State agency, perma-
10 nently.

11 “(D)(i) The Secretary shall determine the meaning
12 of ‘good cause’ for the purpose of this paragraph.

13 “(ii) The Secretary shall determine the meaning of
14 ‘voluntarily quitting’ and ‘reduces work effort’ for the pur-
15 pose of this paragraph.

16 “(iii)(I) Subject to subclause (II) and clauses (i) and
17 (ii), a State agency shall determine—

18 “(aa) the meaning of any term in subparagraph
19 (A);

20 “(bb) the procedures for determining whether
21 an individual is in compliance with a requirement
22 under subparagraph (A); and

23 “(cc) whether an individual is in compliance
24 with a requirement under subparagraph (A).

1 “(II) A State agency may not determine a meaning,
2 procedure, or determination under subclause (I) to be less
3 restrictive than a comparable meaning, procedure, or de-
4 termination under a State program funded under part A
5 of title IV of the Social Security Act (42 U.S.C. 601 et
6 seq.).

7 “(iv) For the purpose of subparagraph (A)(v), an em-
8 ployee of the Federal Government, a State, or a political
9 subdivision of a State, who is dismissed for participating
10 in a strike against the Federal Government, the State, or
11 the political subdivision of the State shall be considered
12 to have voluntarily quit without good cause.

13 “(v)(I) For the purpose of this paragraph, the State
14 agency shall allow the household to select any adult parent
15 of a child in the household as the head of the household
16 if all adult household members making application under
17 the food stamp program agree to the selection.

18 “(II) A household may designate the head of the
19 household under subclause (I) each time the household is
20 certified for participation in the food stamp program, but
21 may not change the designation during a certification pe-
22 riod unless there is a change in the composition of the
23 household.

24 “(vi) If the head of a household leaves the household
25 during a period in which the household is ineligible to par-

1 participate in the food stamp program under subparagraph
 2 (B)—

3 “(I) the household shall, if otherwise eligible,
 4 become eligible to participate in the food stamp pro-
 5 gram; and

6 “(II) if the head of the household becomes the
 7 head of another household, the household that be-
 8 comes headed by the individual shall become ineli-
 9 gible to participate in the food stamp program for
 10 the remaining period of ineligibility.”.

11 (b)(1) The second sentence of section 17(b)(2) of the
 12 Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amend-
 13 ed by striking “6(d)(1)(i)” and inserting “6(d)(1)(A)(i)”.

14 (2) Section 20 of the Food Stamp Act of 1977 (7
 15 U.S.C. 2029) is amended by striking subsection (f) and
 16 inserting the following—

17 “(f) An individual or a household may become ineli-
 18 gible under section 6(d)(1) to participate in the food
 19 stamp program for failing to comply with this section.”.

20 **SEC. 320. PROVIDE A STATE OPTION TO REQUIRE CO-**
 21 **OPERATION WITH CHILD SUPPORT ENFORCE-**
 22 **MENT AGENCIES.**

23 (a) Section 6 of the Food Stamp Act of 1977 (7
 24 U.S.C. 2015) is amended by adding new subsections (i)
 25 and (j) at the end as follows:

1 “(i) At the option of the State, no natural or adoptive
2 parent or other individual who is living with and exercising
3 parental control over a child under the age of eighteen
4 who has an absent parent shall be eligible to participate
5 in the food stamp program unless the natural or adoptive
6 parent or individual cooperates with the State agency ad-
7 ministering the program under part D of title IV of the
8 Social Security Act (or is determined by such State agency
9 to have good cause not to cooperate) in (1) establishing
10 the paternity of such child (if born out of wedlock), and
11 (2) obtaining support for such child or for the parent or
12 individual and for such child. Notwithstanding any provi-
13 sion of part D of title IV of the Social Security Act, no
14 person required under this subsection to cooperate with
15 the State agency administering the program under part
16 D of title IV of the Social Security Act may be required
17 to pay a fee or other costs for services provided under such
18 program.

19 “(j)(1) At the option of a State agency, subject to
20 paragraphs (2) and (3), a putative or identified non-custo-
21 dial parent of a child under the age of 18 (referred to
22 in this subsection as ‘the individual’) shall not be eligible
23 to participate in the food stamp program if the individual
24 refuses to cooperate with the State agency administering

1 the program established under part D of title IV of the
2 Social Security Act (42 U.S.C. 651 et seq.)—

3 “(A) in establishing the paternity of the child
4 (if the child is born out of wedlock); and

5 “(B) in providing support for the child.

6 “(2)(A) The Secretary, in consultation with the Sec-
7 retary of Health and Human Services, shall develop guide-
8 lines on what constitutes a refusal to cooperate under
9 paragraph (1).

10 “(B) The State agency shall develop procedures,
11 using guidelines developed under subparagraph (A), for
12 determining whether an individual is refusing to cooperate
13 under paragraph (1).

14 “(3) Paragraph (1) shall not require the payment of
15 a fee or other cost for services provided under part D of
16 title IV of the Social Security Act (42 U.S.C. 651 et seq.).

17 “(4) The State agency shall have in effect, with re-
18 spect to information collected by the State agency admin-
19 istering the program established under part D of title IV
20 of the Social Security Act (42 U.S.C. 651 et seq.)—

21 “(A) procedures for obtaining such information
22 which are compatible with procedures established
23 under and consistent with the requirements of that
24 part; and

1 “(B) safeguards on the maintenance, disclosure,
2 and use of such information which comply with
3 standards and requirements of that part with re-
4 spect to such safeguards.”.

5 **SEC. 321. PROVIDE FOR DISQUALIFICATION FOR RECEIPT**
6 **OF MULTIPLE FOOD STAMP BENEFITS.**

7 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
8 2015), as amended by this Act, is further amended by
9 adding at the end the following new subsection—

10 “(k) An individual shall be ineligible to participate
11 in the food stamp program as a member of any household
12 for a 10-year period if the individual is found by a State
13 agency to have made, or is convicted in Federal or State
14 court of having made, a fraudulent statement or represen-
15 tation with respect to the identity or place of residence
16 of the individual in order to receive multiple benefits si-
17 multaneously under the food stamp program.”.

18 **SEC. 322. ESTABLISH ADDITIONAL WORK REQUIREMENT.**

19 (a) Section 6 of the Food Stamp Act of 1977 (7
20 U.S.C. 2015), as amended by this Act, is further amended
21 by adding at the end the following new subsection—

22 “(l)(1) In this subsection, the term ‘work program’
23 means—

24 “(A) a program under the Job Training Part-
25 nership Act (29 U.S.C. 1501 et seq.);

1 “(B) a program under section 236 of the Trade
2 Act of 1974 (19 U.S.C. 2296); or

3 “(C) a program of employment or training op-
4 erated or supervised by a State or local government
5 which meets standards deemed appropriate by the
6 Governor, including a program under section
7 6(d)(4).

8 “(2) An individual is not eligible to participate in the
9 food stamp program as a member of any household if, dur-
10 ing the preceding 12 months, the individual received food
11 stamp benefits for not less than 6 months during which
12 the individual did not—

13 “(A) work 20 hours or more per week, averaged
14 monthly;

15 “(B) participate in a workfare program under
16 section 20 or a comparable State or local workfare
17 program;

18 “(C) participate in and comply with the require-
19 ments of an approved employment and training pro-
20 gram under subsection (d)(4); or

21 “(D) participate in and comply with the re-
22 quirements of a work program for 20 hours or more
23 per week.

24 “(3) Paragraph (2) shall not apply to an individual
25 if the individual is—

1 “(A) under 18 or over 50 years of age;

2 “(B) medically certified as physically or men-
3 tally unfit for employment;

4 “(C) a parent or other member of a household
5 with a dependent child under 18 years of age;

6 “(D) a pregnant woman;

7 “(E) unable to participate in an employment
8 and training program because the State in which the
9 individual resides does not provide sufficient oppor-
10 tunities for participation in such programs; or

11 “(F) otherwise exempt under section 6(d)(2).

12 “(4)(A) The Secretary may waive the applicability of
13 paragraph (2) to any group of individuals in the State if
14 the Secretary makes a determination that the area in
15 which the individuals reside—

16 “(i) has an unemployment rate of over 7 per-
17 cent; or

18 “(ii) does not have a sufficient number of jobs
19 to provide employment for the individuals.

20 “(B) The Secretary shall report the basis for a waiver
21 under subparagraph (A) to the Committee on Agriculture
22 of the House of Representatives and the Committee on
23 Agriculture, Nutrition, and Forestry of the Senate.”.

1 (b) Section 16(h) of the Food Stamp Act of 1977
2 (7 U.S.C. 2025(h)) is amended by striking paragraph (1)
3 and inserting the following—

4 “(1)(A) To carry out employment and training
5 programs, the Secretary shall reserve for allocation
6 to State agencies from funds made available for each
7 fiscal year under section 18(a)(1) the amount of—

8 “(i) for fiscal year 1996, \$75,000,000;

9 “(ii) for fiscal year 1997, \$80,000,000;

10 “(iii) for fiscal year 1998, \$90,000,000;

11 “(iv) for fiscal year 1999, \$95,000,000;

12 “(v) for fiscal year 2000, \$95,000,000;

13 “(vi) for fiscal year 2001, \$95,000,000;

14 and

15 “(vii) for fiscal year 2002, \$95,000,000.

16 “(B) A State agency shall not reduce non-Fed-
17 eral expenditures to carry out employment and
18 training programs during any fiscal year after fiscal
19 year 1995 from the level of State agency expendi-
20 tures to carry out employment and training pro-
21 grams in fiscal year 1995.

22 “(C) The Secretary shall allocate the amounts
23 reserved under subparagraph (A) among the State
24 agencies using a reasonable formula (as determined

1 by the Secretary) that considers the population in
2 each State affected by section 6(d)(4)(O).

3 “(D)(i) A State agency promptly shall notify
4 the Secretary if the State agency determines that
5 the State agency will not expend all of the funds al-
6 located to the State agency under subparagraph (C).

7 “(ii) On notification under clause (i), the Sec-
8 retary shall reallocate the funds that the State agen-
9 cy will not expend as the Secretary considers appro-
10 priate and equitable.

11 “(E) Notwithstanding subparagraphs (A)
12 through (D), the Secretary shall ensure that each
13 State agency operating an employment and training
14 program shall receive not less than \$50,000 in each
15 fiscal year.”.

16 (c) Section 16(h)(2) of the Food Stamp Act of 1977
17 (7 U.S.C. 2025(h)(2)) is amended by inserting before the
18 period at the end the following—

19 “, including the costs for case management and case-
20 work to facilitate the transition from economic dependency
21 to self-sufficiency through work”.

1 **SEC. 323. ESTABLISH COMPARABLE TREATMENT FOR DIS-**
2 **QUALIFICATION.**

3 (a) Section 6 of the Food Stamp Act of 1977 (7
4 U.S.C. 2015), as amended by this Act, is further amended
5 by adding at the end the following new subsection—

6 “(m)(1) If a disqualification is imposed on a member
7 of a household for a failure of the member to perform an
8 action required under a Federal, State, or local law relat-
9 ing to a means tested public assistance program, the State
10 agency may impose the same disqualification on the mem-
11 ber of the household under the food stamp program.

12 “(2) If a disqualification is imposed under paragraph
13 (1) for a failure of an individual to perform an action re-
14 quired under part A of title IV of the Social Security Act
15 (42 U.S.C. 601 et seq.), the State agency may use the
16 rules and procedures that apply under part A of title IV
17 of the Social Security Act (42 U.S.C. 601 et seq.) to im-
18 pose the same disqualification under the food stamp pro-
19 gram.

20 “(3) A member of a household disqualified under
21 paragraph (1) may, after the disqualification period has
22 expired, apply for benefits under this Act and shall be
23 treated as a new applicant, except that a prior disquali-
24 fication under subsection (d) shall be considered in deter-
25 mining eligibility.”.

1 (b) Section 11(e) of the Food Stamp Act of 1977 (7
2 U.S.C. 2020(e)) is amended—

3 (1) in paragraph (24), by striking “and” at the
4 end;

5 (2) in paragraph (25), by striking the period at
6 the end and inserting a semicolon; and

7 (3) by adding at the end the following—

8 “(26) the guidelines the State agency uses in
9 carrying out section 6(m); and”.

10 (c) Section 6(d)(2)(A) of the Food Stamp Act of
11 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking
12 “that is comparable to a requirement of paragraph (1)”.

13 **SEC. 324. REPEAL MINIMUM BENEFIT ADJUSTMENTS.**

14 Section 8(a) of the Food Stamp Act of 1977 (7
15 U.S.C. 2017(a)) is amended by striking in the proviso “,
16 and shall be adjusted” and all that follows through “\$5”.

17 **SEC. 325. PRORATE BENEFITS ON RECERTIFICATION.**

18 Section 8(c)(2)(B) of the Food Stamp Act of 1977
19 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
20 than one month”.

1 **SEC. 326. PROHIBIT ALLOTMENT INCREASES FOR PEN-**
2 **ALTIES UNDER OTHER WELFARE AND PUB-**
3 **LIC ASSISTANCE PROGRAMS.**

4 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
5 2017) is amended by striking subsection (d) and inserting
6 the following—

7 “(d) If the benefits of a household are reduced under
8 a Federal, State, or local law relating to a welfare or pub-
9 lic assistance program because of a penalty or for the fail-
10 ure to perform an action required under the law or pro-
11 gram, for the duration of the reduction the household may
12 not receive an increased allotment as the result of a de-
13 crease in the income of the household to the extent that
14 the decrease is the result of the reduction. The State agen-
15 cy may reduce the allotment of the household by not more
16 than 25 percent.”.

17 **SEC. 327. PERMIT STATES TO DETERMINE MOST USEFUL**
18 **AND RELIABLE MEANS OF VERIFICATION.**

19 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
20 2020) is amended by—

- 21 (1) striking in subsection (e)(3) all that follows
22 “, and that the State agency shall” through “(E)”;
23 (2) inserting after the paragraph designation
24 (19) of subsection (e) “at the option of the State
25 agency,”; and

1 (3) adding at the end the following new sub-
2 section—

3 “(p) Notwithstanding any other provision of law,
4 State agencies (described in section 3(n)(1) of this Act)
5 shall not be required to use an income and eligibility ver-
6 ification system established under section 1137 of the So-
7 cial Security Act (42 U.S.C. 1320b–7) or the immigration
8 status verification system established under section
9 1137(d) of the Social Security Act (42 U.S.C. 1320b–
10 7Id)).”.

11 **SEC. 328. EXPAND CLAIMS COLLECTION METHODS.**

12 (a) Section 13 of the Food Stamp Act of 1977 (7
13 U.S.C. 2022) is amended by—

14 (1) striking subsection (b) and inserting the fol-
15 lowing—

16 “(b)(1) Except as otherwise provided in this sub-
17 section, a State agency shall collect any overissuance of
18 coupons issued to a household by—

19 “(A) reducing the allotment of the household;

20 “(B) withholding amounts from unemployment
21 compensation from a member of the household
22 under subsection (c);

23 “(C) recovering from Federal pay or a Federal
24 income tax refund under subsection (d); or

25 “(D) any other means.

1 “(2) Paragraph (1) shall not apply if the State agen-
2 cy demonstrates to the satisfaction of the Secretary that
3 all of the means referred to in paragraph (1) are not cost
4 effective.

5 “(3) If a household received an overissuance of cou-
6 pons without any member of the household being found
7 ineligible to participate in the program under section
8 6(b)(1) and a State agency elects to reduce the allotment
9 of the household under paragraph (1)(A), the State agen-
10 cy shall reduce the monthly allotment of the household
11 under paragraph (1)(A) by the greater of—

12 “(A) 10 percent of the monthly allotment of the
13 household; or

14 “(B) \$10.

15 “(4) A State agency shall collect an overissuance of
16 coupons issued to a household under paragraph (1) in ac-
17 cordance with requirements established by the State agen-
18 cy for providing notice, electing a means of payment, and
19 establishing a time schedule for payment.”; and

20 (2) in subsection (d) by—

21 (A) striking “as determined under sub-
22 section (b) and except for claims arising from
23 an error of the State agency,” and inserting “,
24 as determined under subsection (b)(1),”; and

1 (B) inserting before the period at the end
2 the following—

3 “or a Federal income tax refund as authorized by sec-
4 tion 3720A of title 31, United States Code”.

5 (b) Section 11(e)(8) of the Food Stamp Act of 1977
6 (7 U.S.C. 2020(e)(8)) is amended by—

7 (1) striking “and excluding claims” and all that
8 follows through “such section”; and

9 (2) inserting before the semicolon at the end
10 the following—

11 “or a Federal income tax refund as authorized by sec-
12 tion 3720A of title 31, United States Code”.

13 (c) Section 16(a) of the Food Stamp Act of 1977 (7
14 U.S.C. 2025(a)) is amended by striking “25 percent dur-
15 ing the period beginning October 1, 1990” and all that
16 follows through “error of a State agency” and inserting
17 the following—

18 “25 percent of the overissuances collected by the
19 State agency under section 13, except those overissuances
20 arising from an error of the State agency”.

21 (d) Section 6402(d) of the Internal Revenue Code (26
22 U.S.C. 6402(d)) is amended by—

23 (1) inserting in paragraph (1) after “any Fed-
24 eral agency” the following—

1 “(or any State agency that has the responsibility for
 2 the administration of the food stamp program operated
 3 pursuant to the Food Stamp Act of 1977)”; and

4 (2) inserting in the second sentence of para-
 5 graph (2) after “a Federal agency” the following:

6 “(or a State agency that has the responsibility for
 7 the administration of the food stamp program oper-
 8 ated pursuant to the Food Stamp Act of 1977)”.

9 **SEC. 329. AUTHORIZE STATES TO OPERATE SIMPLIFIED**
 10 **FOOD STAMP PROGRAMS.**

11 (a) The Food Stamp Act of 1977 (7 U.S.C. 2011 et
 12 seq.) is amended by adding the following new section 24—

13 “SIMPLIFIED FOOD STAMP PROGRAM

14 “SEC. 24. (a) In this section, the term ‘Federal costs’
 15 does not include any Federal costs incurred under section
 16 17.

17 “(b) Subject to subsection (d), a State may elect to
 18 carry out a Simplified Food Stamp Program (referred to
 19 in this section as ‘Simplified Program’) for households de-
 20 scribed in paragraph (c)(1), statewide or in a political sub-
 21 division of the state, in accordance with this section.

22 “(c) If a State elects to carry out a Simplified Pro-
 23 gram, within the State or a political subdivision of the
 24 State—

25 “(1) only households in which all members re-
 26 ceive assistance under a State program funded

1 under part A of title IV of the Social Security Act
2 (42 U.S.C. 601 et seq.) shall receive benefits under
3 this section. Such households shall be eligible auto-
4 matically to participate in the Simplified Program;
5 and

6 “(2) subject to subsection (f), benefits under
7 the Simplified Program shall be determined under
8 rules and procedures established by the State
9 under—

10 “(A) a State program funded under part A
11 of title IV of the Social Security Act (42 U.S.C.
12 601 et seq.);

13 “(B) the food stamp program; or

14 “(C) a combination of a State program
15 funded under part A of title IV of the Social
16 Security Act (42 U.S.C. 601 et seq.) and the
17 food stamp program.

18 “(d)(1) A State agency may not operate a Simplified
19 Program unless the Secretary approves a State plan for
20 the operation of the Simplified Program under paragraph
21 (2).

22 “(2) The Secretary may approve any State plan to
23 carry out a Simplified Program if the Secretary deter-
24 mines that the plan—

1 “(A) simplifies program administration while
2 fulfilling the goals of the food stamp program to
3 permit low-income households to obtain a more nu-
4 tritious diet;”

5 “(B) complies with this section;

6 “(C) would not increase Federal costs for any
7 fiscal year; and

8 “(D) would not substantially alter, as deter-
9 mined by the Secretary, the appropriate distribution
10 of benefits according to household need.

11 “(e)(1) During each fiscal year and not later than
12 90 days after the end of each fiscal year, the Secretary
13 shall determine, using data provided by the State agency
14 and which the Secretary considers appropriate, whether
15 a Simplified Program being carried out by a State agency
16 is increasing Federal costs under this Act above what the
17 costs would have been for the same population had they
18 been subject to the rules of the Food Stamp Program.

19 “(2) If the Secretary determines that the Simplified
20 Program has increased Federal costs under this Act for
21 any fiscal year or any portion of any fiscal year, the Sec-
22 retary shall notify the State not later than 30 days after
23 the Secretary makes the determination under paragraph
24 (1).

1 “(3)(A) Not later than 90 days after the date of a
2 notification under paragraph (2), the State shall submit
3 a plan for approval by the Secretary for prompt corrective
4 action that is designed to prevent the Simplified Program
5 from increasing Federal costs under this Act.

6 “(B) If the State does not submit a plan under sub-
7 paragraph (A) or carry out a plan approved by the Sec-
8 retary, the Secretary shall terminate the approval of the
9 State agency operating the Simplified Program and the
10 State agency shall be ineligible to operate a future Sim-
11 plified Program.

12 “(f)(1) In operating a Simplified Program, a State
13 or political subdivision of a State may follow the rules and
14 procedures established by the State or political subdivision
15 under a State program funded part A of title IV of the
16 Social Security Act (42 U.S.C. 601 et seq.) or under the
17 food stamp program.

18 “(2) In operating a Simplified Program, a State or
19 political subdivision shall comply with the requirements
20 of—

21 “(A) subsection 5(e) to the extent that it re-
22 quires an excess shelter expense deduction;

23 “(B) section 7(a) through (g);

24 “(C) section 8(a) (except that the income of a
25 household may be determined under a State pro-

1 gram funded under part A of title IV of the Social
2 Security Act (42 U.S.C. 601 et seq.));

3 “(D) section 8(b) and (d);

4 “(E) section 11(a), (c), (d), and (n);

5 “(F) section 11(e) (8), (9), (12), (15), (17),
6 (19), (23), and (24);

7 “(G) section 11(e)(2), to the extent that it re-
8 quires the State agency to provide an application to
9 households on the first day they contact a food
10 stamp office in person during office hours to make
11 what reasonably may be interpreted as an oral or
12 written request for food stamp assistance and to
13 allow those households to file the application on the
14 same day.

15 “(H) section 11(e)(3), to the extent that it re-
16 quires the State agency to complete certification of
17 an eligible household and provide an allotment retro-
18 active to the period of application to an eligible
19 household not later than 30 days following the filing
20 of an application;

21 “(I) section 11(e)(10) (or a comparable require-
22 ment established by the State under a State pro-
23 gram funded under part A of title IV of the Social
24 Security Act (42 U.S.C. 601 et seq.)); and

25 “(J) section 16.

1 “(3) Notwithstanding any other provision of this sec-
2 tion, a household may not receive benefits under this sec-
3 tion as a result of the eligibility of the household under
4 a State program funded under part A of title IV of the
5 Social Security Act (42 U.S.C. 601 et seq.), unless the
6 Secretary determines that any household with income
7 above 130 percent of the poverty guidelines is not eligible
8 for the Program.”.

9 (b) Section 8 of the Food Stamp Act of 1977 (7
10 U.S.C. 2017), as amended by this Act, is further amended
11 by striking subsection (e) and redesignating subsection (f)
12 as subsection (e).

13 (c) Section 11(e) of the Food Stamp Act of 1977 (7
14 U.S.C. 2020(e)), as amended by this Act, is further
15 amended by adding after paragraph (26), as added by sec-
16 tion 323(b) of this Act, the following new paragraph—

17 “(27) if a State elects to carry out a Simplified
18 Food Stamp Program under section 24, the plans of
19 the State agency for operating the Simplified Pro-
20 gram, including—

21 “(A) the rules and procedures to be fol-
22 lowed by the State to determine food stamp
23 benefits; and

1 “(B) a description of the method by which
 2 the State will carry out a quality control system
 3 under section 16(c).”.

4 (d) Section 17 of the Food Stamp Act of 1977 (7
 5 U.S.C. 2026) is amended by—

6 (1) striking subsection (i); and

7 (2) redesignating subsections (j) through (l) as
 8 subsections (i) through (k), respectively.

9 **SEC. 330. REAUTHORIZE APPROPRIATIONS FOR THE FOOD**
 10 **STAMP PROGRAM.**

11 The first sentence of section 18(a)(1) of the Food
 12 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by
 13 striking “1997” and inserting “2002”.

14 **PART 2—NONBUDGETARY PROPOSALS**

15 **SEC. 341. EXPAND DEFINITION OF COUPON.**

16 Section 3(d) of the Food Stamp Act of 1977 (7
 17 U.S.C. 2012(d)) is amended by striking “or type of certifi-
 18 cate” and inserting “type of certificate, authorization
 19 card, cash or check issued in lieu of a coupon, or an access
 20 device, including an electronic benefits transfer card or a
 21 personal identification number,”.

22 **SEC. 342. CLARIFY DEFINITION OF HOMELESS INDIVIDUAL.**

23 Section 3(s)(2)(C) of the Food Stamp Act of 1977
 24 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not
 25 more than 90 days” after “temporary accommodation”.

1 **SEC. 343. PROVIDE STATE OPTION FOR ELIGIBILITY STAND-**
2 **ARDS.**

3 Section 5(b) of the Food Stamp Act of 1977 (7
4 U.S.C. 2014(d)) is amended by striking “(b) The Sec-
5 retary” and inserting the following—

6 “(b) Except as otherwise provided in this Act, the
7 Secretary”.

8 **SEC. 344. DOUBLE PENALTIES FOR VIOLATING FOOD**
9 **STAMP PROGRAM REQUIREMENTS.**

10 Section 6(b)(1) of the Food Stamp Act of 1977 (7
11 U.S.C. 2015(b)(1)) is amended—

12 (1) in clause (i), by striking “six months upon”
13 and inserting “1 year on”; and

14 (2) in clause (ii), by striking “1 year” and in-
15 serting “2 years”.

16 **SEC. 345. PROVIDE STATE OPTION TO LOWER AGE OF**
17 **CARETAKER EXEMPTION.**

18 Section 6(d)(2) of the Food Stamp Act of 1977 (7
19 U.S.C. 2015(d)(2)) is amended by striking subparagraph
20 (B) and inserting the following—

21 “(B) a parent or other member of a house-
22 hold with responsibility for the care of (i) a de-
23 pendent child under the age of 6 or any lower
24 age designated by the State agency that is not
25 under the age of 1 if adequate child care is not
26 available, or (ii) an incapacitated person;”.

1 **SEC. 346. REVISE EMPLOYMENT AND TRAINING.**

2 (a) IN GENERAL.—Section 6(d)(4) of the Food
3 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

4 (1) in subparagraph (A)—

5 (A) by striking “Not later than April 1,
6 1987, each” and inserting “Each”;

7 (B) by inserting “work,” after “skills,
8 training,”; and

9 (C) by adding at the end the following—

10 “Each component of an employment and training
11 program carried out under this paragraph may be deliv-
12 ered through a statewide workforce development system,
13 unless the component is not available locally through the
14 statewide workforce development system.”;

15 (2) in subparagraph (B)—

16 (A) in the matter preceding clause (i), by
17 striking the colon at the end and inserting the
18 following—

19 “, except that the State agency shall retain the option
20 to apply employment requirements prescribed under this
21 subparagraph to a program applicant at the time of appli-
22 cation.”;

23 (B) in clause (i), by striking “with terms
24 and conditions” and all that follows through
25 “time of application”; and

26 (C) in clause (iv)—

1 (i) by striking subclauses (I) and (II);

2 and

3 (ii) by redesignating subclauses (III)

4 and (IV) as subclauses (I) and (II), respec-

5 tively;

6 (3) in subparagraph (D)—

7 (A) in clause (i), by striking “to which the

8 application” and all that follows through “30

9 days or less”;

10 (B) in clause (ii), by striking “but with re-

11 spect” and all that follows through “child

12 care”; and

13 (C) in clause (iii), by striking “, on the

14 basis of” and all that follows through “clause

15 (ii)” and inserting “the exemption continues to

16 be valid”;

17 (4) in subparagraph (E), by striking the third

18 sentence;

19 (5) in subparagraph (G)—

20 (A) by striking “(G)(i) The State” and in-

21 serting “(G) The State”; and

22 (B) by striking clause (ii);

23 (6) in subparagraph (H), by striking “(H)(i)

24 The Secretary” and all that follows through “(ii)

25 Federal funds” and inserting “(H) Federal funds”;

1 (7)(A) by striking subparagraphs (K) and (L)
2 and inserting the following—

3 “(K) Notwithstanding any other provision
4 of this paragraph, the amount of funds a State
5 agency uses to carry out this paragraph (includ-
6 ing under subparagraph (I)) for participants
7 who are receiving benefits under a State pro-
8 gram funded under part A of title IV of the So-
9 cial Security Act (42 U.S.C. 601 et seq.) shall
10 not exceed the amount of funds the State agen-
11 cy used in fiscal year 1995 to carry out this
12 paragraph for participants who were receiving
13 benefits in fiscal year 1995 under a State pro-
14 gram funded under part A of title IV of the So-
15 cial Security Act (42 U.S.C. 601 et seq.).”; and

16 (B) by redesignating subparagraphs (M) and
17 (N) as subparagraphs (L) and (M), respectively; and

18 (8) in subparagraph (L) (as redesignated by
19 paragraph (8)(B))—

20 (A) by striking “(L)(i) The Secretary” and
21 inserting “(L) The Secretary”; and

22 (B) by striking clause (ii).

23 (b) Section 16(h) of the Food Stamp Act of 1977
24 (7 U.S.C. 2025(h)) is amended—

25 (1) in paragraph (5)—

1 (A) by striking “(5)(A) The Secretary”
2 and inserting “(5) The Secretary”; and
3 (B) by striking subparagraph (B); and
4 (2) by striking paragraph (6).

5 **SEC. 347. DISQUALIFY FLEEING FELONS.**

6 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
7 2015), as amended by this Act, is further amended by
8 adding at the end the following new subsection—
9 “(k) No member of a household who is otherwise eli-
10 gible to participate in the food stamp program shall be
11 eligible to participate in the program as a member of that
12 or any other household during any period during which
13 the individual is—

14 “(1) fleeing to avoid prosecution, or custody or
15 confinement after conviction, under the law of the
16 place from which the individual is fleeing, for a
17 crime, or attempt to commit a crime, that is a felony
18 under the law of the place from which the individual
19 fleeing or that, in the case of New Jersey, is a high
20 misdemeanor under the law of New Jersey; or

21 “(2) violating a condition of probation or parole
22 imposed under Federal or State law.”.

1 **SEC. 348. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**
2 **SYSTEMS.**

3 (a) Section 7(g) of the Food Stamp Act of 1977 (7
4 U.S.C. 2016(g)) is amended by—

- 5 (1) striking “(1)”;
- 6 (2) striking paragraph (2); and
- 7 (3) striking “(A)” and “(B)” and inserting in
8 lieu thereof “(1)” and “(2)”, respectively.

9 (b) Section 7(i) of the Food Stamp Act of 1977 (7
10 U.S.C. 2016(i)) is amended by—

- 11 (1) striking paragraph (1) and inserting the fol-
12 lowing—

13 “(1)(A) Each State agency shall implement an
14 electronic benefit transfer system in which household
15 benefits determined under section 8(a) or 24 are is-
16 sued from and stored in a central databank before
17 October 1, 2002, unless the Secretary provides a
18 waiver for a State agency that faces unusual bar-
19 riers to implementing an electronic benefit transfer
20 system.

21 “(B) Subject to paragraph (2), a State agency
22 may procure and implement an electronic benefit
23 transfer system under the terms, conditions, and de-
24 sign that the State agency considers appropriate.

1 “(C) An electronic benefit transfer system
2 should take into account generally accepted standard
3 operating rules based on—

4 “(i) commercial electronic funds transfer
5 technology;

6 “(ii) the need to permit interstate oper-
7 ation and law enforcement monitoring; and

8 “(iii) the need to permit monitoring and
9 investigations by authorized law enforcement
10 agencies.”;

11 (2) striking subparagraph (2)(A) and redesign-
12 nating subparagraphs (B) through (H) as (A)
13 through (G), respectively; and

14 (3) adding at the end the following—

15 “(7) A State agency may collect a charge for
16 replacement of an electronic benefit transfer card by
17 reducing the monthly allotment of the household re-
18 ceiving the replacement card.

19 “(8)(A) A State agency may require that an
20 electronic benefit card contain a photograph of 1 or
21 more members of a household.

22 “(B) If a State agency requires a photograph
23 on an electronic benefit card under subparagraph
24 (A), the State agency shall establish procedures to
25 ensure that any other appropriate member of the

1 household or any authorized representative of the
2 household may utilize the card.”; and

3 (c) Section 10 of the Food Stamp Act of 1977 (7
4 U.S.C. 2019) is amended by inserting before the period
5 at the end of the first sentence the following: “unless such
6 centers, organizations, institutions, shelters, group living
7 arrangements, and establishments are equipped with
8 point-of-sale devices for the purpose of participating in
9 electronic benefit transfer delivery systems”.

10 **SEC. 349. AUTHORIZE EXCHANGE OF LAW ENFORCEMENT**
11 **INFORMATION.**

12 Section 11(e)(8) of the Food Stamp Act of 1977 (7
13 U.S.C. 2020(e)(8)), as amended by this Act, is further
14 amended as follows—

15 (1) by striking “and” before “(C)”; and

16 (2) by adding at the end the following: “and
17 (D) notwithstanding any other law, the address, so-
18 cial security number, and, if available, photograph of
19 any member of a household shall be made available,
20 on request, to any Federal, State, or local law en-
21 forcement officer if the officer furnishes the State
22 agency with the name of the member and notifies
23 the agency that—

24 “(i) the member—

1 “(I) is fleeing to avoid prosecu-
 2 tion, or custody or confinement after
 3 conviction, for a crime (or attempt to
 4 commit a crime) that, under the law
 5 of the place the member is fleeing, is
 6 a felony (or, in the case of New Jer-
 7 sey, a high misdemeanor), or is violat-
 8 ing a condition of probation or parole
 9 imposed under Federal or State law;
 10 or

11 “(II) has information that is nec-
 12 essary for the officer to conduct an of-
 13 ficial duty relayed to subclause (I);

14 “(ii) locating or apprehending the
 15 member is an official duty; and

16 “(iii) the request is being made in the
 17 proper exercise of an official duty; and

18 “(E) the safeguards shall not prevent com-
 19 pliance with paragraph (16);”.

20 **SEC. 350. SIMPLIFY ADMINISTRATION OF EXPEDITED SERV-**
 21 **ICE.**

22 Section 11(e)(9) of the Food Stamp Act of 1977 (7
 23 U.S.C. 2020(e)(9)) is amended—

24 (1) in subparagraph (A)—

1 (A) by striking “five days” and inserting
2 “7 days”; and

3 (B) by inserting “and” at the end;

4 (2) by striking subparagraphs (B) and (C);

5 (3) by redesignating subparagraph (D) as sub-
6 paragraph (B); and

7 (4) in subparagraph (B), as redesignated by
8 paragraph (3), by striking “, (B), or (C)”.

9 **PART 3—ADMINISTRATIVE FLEXIBILITY**

10 **PROPOSALS**

11 **SEC. 361. EXPAND STATE AUTHORITY TO DEFINE CERTIFI-**
12 **CATION PERIOD.**

13 Section 3(c) of the Food Stamp Act of 1977 (7
14 U.S.C. 2012(c)) is amended by striking “Except as pro-
15 vided” and all that follows and inserting the following—

16 “The certification period shall not exceed 12 months,
17 except that the certification period may be up to 24
18 months if all adult household members are elderly or dis-
19 abled. A State agency shall have at least 1 contact with
20 each certified household every 12 months.”.

1 **SEC. 362. PROVIDE STATE OPTION TO COMBINE ALLOT-**
2 **MENTS FOR EXPEDITED SERVICE HOUSE-**
3 **HOLDS.**

4 Section 8(c) of the Food Stamp Act of 1977 (7
5 U.S.C. 2017(c)) is amended by striking paragraph (3) and
6 inserting the following:

7 “(3) A State agency may provide to an eligible
8 household applying after the 15th day of a month,
9 in lieu of the initial allotment of the household and
10 the regular allotment of the household for the follow-
11 ing month, an allotment that is equal to the total
12 amount of the initial allotment and the first regular
13 allotment. The allotment shall be provided in accord-
14 ance with section 11(e)(3) in the case of a household
15 that is not entitled to expedited service and in ac-
16 cordance with paragraphs (3) and (9) of section
17 11(e) in the case of a household that is entitled to
18 expedited service.”.

19 **SEC. 363. REVISE TREATMENT OF ALLOTMENTS FOR**
20 **HOUSEHOLDS RESIDING IN CENTERS.**

21 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
22 2017) is amended by adding at the end the following:

23 “(f)(1) In the case of an individual who resides in
24 a center for the purpose of a drug or alcoholic treatment
25 program described in the last sentence of section 3(i), a

1 State agency may provide an allotment for the individual
2 to—

3 “(A) the center as an authorized representative
4 of the individual for a period that is less than 1
5 month; and

6 “(B) the individual, if the individual leaves the
7 center.

8 “(2) A State agency may require an individual re-
9 ferred to in paragraph (1) to designate the center in which
10 the individual resides as the authorized representative of
11 the individual for the purpose of receiving an allotment.”.

12 **SEC. 364. IMPROVE OPERATION OF FOOD STAMP OFFICES.**

13 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
14 2020) is amended—

15 (1) in subsection (e)—

16 (A) by striking paragraph (2) and insert-
17 ing the following—

18 “(2)(A) that the State agency shall establish
19 procedures governing the operation of food stamp of-
20 fices that the State agency determines best serve
21 households in the State, including households with
22 special needs, such as households with elderly or dis-
23 abled members, households with low-income mem-
24 bers who reside in rural areas, homeless individuals,
25 households residing on reservations, and households

1 in which a substantial number of members speak a
2 language other than English.

3 “(B) In carrying out subparagraph (A), a State
4 agency—

5 “(i) shall provide timely, accurate, and fair
6 service to applicants for, and participants in,
7 the food stamp program;

8 “(ii) shall develop an application contain-
9 ing the information necessary to comply with
10 this Act;

11 “(iii) shall permit an applicant household
12 to apply to participate in the program on the
13 same day that the household first contacts a
14 food stamp office in person during office hours;

15 “(iv) shall consider an application that
16 contains the name, address, and signature of
17 the applicant filed on the date the applicant
18 submits the application;

19 “(v) shall require that an adult representa-
20 tive of each applicant household certify in writ-
21 ing, under penalty of perjury, that—

22 “(I) the information contained in the
23 application is true; and

1 “(II) all members of the household
2 are citizens or are aliens eligible to receive
3 food stamps under section 6(f);

4 “(vi) shall provide a method of certifying
5 and issuing coupons to eligible homeless individ-
6 uals, to ensure that participation in the food
7 stamp program is limited to eligible households;
8 and

9 “(vii) may establish operating procedures
10 that vary for local food stamp offices to reflect
11 regional and local differences within the
12 State;”;

13 “(C) Nothing in this Act shall prohibit the use
14 of signatures provided and maintained electronically,
15 storage of records using automated retrieval systems
16 only, or any other features of a State agency’s appli-
17 cation system that does not rely exclusively on the
18 collection and retention of paper applications or
19 other records.

20 “(D) The signature of any adult under this
21 paragraph shall be sufficient to comply with any
22 provision of Federal law requiring a household mem-
23 ber to sign an application or statement.”;

24 (B) in paragraph (3) by striking “and that
25 the State agency shall provide the household”

1 and all that follows through “representative of
2 the State agency.”;

3 (C) by striking paragraphs (14) and (25);
4 and

5 (D) by redesignating paragraphs (15)
6 through (27) as paragraphs (14) through (25),
7 respectively; and
8 (2) in subsection (i)—

9 (A) by striking “(i) Notwithstanding” and
10 all that follows through “(2)” and inserting the
11 following—

12 “(i)(1) Notwithstanding any other provision of law,”;
13 and

14 (B) by striking “; (3) households” and all
15 that follows through “title IV of the Social Se-
16 curity Act. No” and inserting a period and the
17 following—

18 “(2) Other than in a case of disqualification as a pen-
19 alty for failure to comply with a public assistance program
20 rule or regulation, no”.

21 **SEC. 365. DELETE FEDERAL REQUIREMENT FOR STATE EM-**
22 **PLOYEE TRAINING.**

23 Section 11(e)(6) of the Food Stamp Act of 1977 (7
24 U.S.C. 2020(e)(6)) is amended by—

- 1 (1) inserting “and” at the end of subparagraph
2 (B);
- 3 (2) striking in subparagraph (B), “United
4 States Civil Service Commission” and inserting “Of-
5 fice of Personnel Management”; and
- 6 (3) striking subparagraphs (C) through (E).

7 **SEC. 366. AUTHORIZE ORAL WITHDRAWAL OF FAIR HEAR-**
8 **ING REQUESTS.**

9 Section 11(e)(10) of the Food Stamp Act of 1977 (7
10 U.S.C. 2020(e)(10)) is amended by inserting before the
11 semicolon at the end a period and the following:

12 “At the option of a State, at any time prior to a fair
13 hearing determination under this paragraph, a household
14 may withdraw, orally or in writing, a request by the house-
15 hold for a fair hearing. If the withdrawal request is an
16 oral request, the State agency shall provide a written no-
17 tice to the household confirming the withdrawal request
18 and providing the household with an opportunity to re-
19 quest a hearing”.

20 **SEC. 367. DELETE REDUNDANT FEDERAL STANDARDS FOR**
21 **ADMINISTRATION.**

22 (a) Section 16 of the Food Stamp Act of 1977 (7
23 U.S.C. 2025) is amended by striking subsection (b).

24 (b) The first sentence of section 11(g) of the Food
25 Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by

1 striking “the Secretary’s standards for the efficient and
2 effective administration of the program established under
3 section 16(b)(1) or”.

4 (c) Section 16(c)(1)(B) of the Food Stamp Act of
5 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking
6 “pursuant to subsection (b)”.

7 **PART 4—PROPOSALS FOR STRENGTHENING**
8 **RETAILER MANAGEMENT**

9 **SEC. 371. PROVIDE AUTHORITY TO ESTABLISH AUTHORIZA-**
10 **TION PERIODS.**

11 Section 9(a) of the Food Stamp Act of 1977 (7
12 U.S.C. 2018(a)) is amended by adding at the end the fol-
13 lowing—

14 “(3) The Secretary shall establish specific time
15 periods during which authorization to accept and re-
16 deem coupons or to redeem benefits through an elec-
17 tronic benefit transfer system shall be valid under
18 the food stamp program.”.

19 **SEC. 372. PROVIDE AUTHORITY TO REQUIRE INFORMATION**
20 **FOR VERIFYING ELIGIBILITY FOR AUTHOR-**
21 **IZATION.**

22 Section 9(c) of the Food Stamp Act of 1977 (7
23 U.S.C. 2018(c)) is amended—

1 (1) in the first sentence, by inserting “, which
2 may include relevant income and sales tax filing doc-
3 uments,” after “submit information”; and

4 (2) by inserting after the first sentence the fol-
5 lowing—

6 “The regulations may require retail food stores and
7 wholesale food concerns to provide written authorization
8 for the Secretary to verify all relevant tax filings with ap-
9 propriate agencies and to obtain corroborating documenta-
10 tion from other sources so that the accuracy of informa-
11 tion provided by the stores and concerns may be verified.”.

12 **SEC. 373. ESTABLISH WAITING PERIOD FOR STORES THAT**
13 **INITIALLY FAIL TO MEET AUTHORIZATION**
14 **CRITERIA.**

15 Section 9(d) of the Food Stamp Act of 1977 (7
16 U.S.C. 2018(d)) is amended by adding at the end the fol-
17 lowing—

18 “A retail food store or wholesale food concern that
19 is denied approval to accept and redeem coupons because
20 the store or concern does not meet criteria for approval
21 established by the Secretary may not, for at least 6
22 months, submit a new application to participate in the
23 program. The Secretary may establish a longer time pe-
24 riod under the preceding sentence, including permanent

1 disqualification, that reflects the severity of the basis of
2 the denial.”.

3 **SEC. 374. DISQUALIFY RETAILERS WHO INTENTIONALLY**
4 **SUBMIT FALSIFIED APPLICATIONS.**

5 Section 12(b) of the Food Stamp Act of 1977 (7
6 U.S.C. 2021(b)) is amended by—

7 (1) striking at the end of paragraph (2) “and”;

8 (2) striking in paragraph (3) the period at the
9 end and inserting “, and”; and

10 (3) adding at the end the following—

11 “(4) for a reasonable period of time to be deter-
12 mined by the Secretary, including permanent dis-
13 qualification, on the knowing submission of an appli-
14 cation for the approval or reauthorization to accept
15 and redeem coupons that contain false information
16 about a substantive matter that was a part of the
17 application.”.

18 **SEC. 375. DISQUALIFY RETAILERS WHO ARE DISQUALIFIED**
19 **UNDER THE WIC PROGRAM.**

20 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.
21 2021) is amended by adding at the end the following—

22 “(g)(1) The Secretary shall issue regulations provid-
23 ing criteria for the disqualification under this Act of an
24 approved retail food store and a wholesale food concern
25 that is disqualified from accepting benefits under the spe-

1 cial supplemental nutrition program for women, infants,
 2 and children established under section 17 of the Child Nu-
 3 trition Act of 1966 (7 U.S.C. 1786).

4 “(2) A disqualification under paragraph (1)—

5 “(A) shall be for the same period as the dis-
 6 qualification from the program referred to in para-
 7 graph (1);

8 “(B) may begin at a later date than the dis-
 9 qualification from the program referred to in para-
 10 graph (1); and

11 “(C) notwithstanding section 14, shall not be
 12 subject to judicial or administrative review.”.

13 **SEC. 376. AUTHORIZE SUSPENSION OF STORES VIOLATING**
 14 **PROGRAM REQUIREMENTS PENDING ADMIN-**
 15 **ISTRATIVE AND JUDICIAL REVIEW.**

16 Section 14(a) of the Food Stamp Act of 1977 (7
 17 U.S.C. 2023(a)) is amended by—

18 (1) redesignating the first through seventeenth
 19 sentences as paragraphs (1) through (17), respec-
 20 tively; and

21 (2) adding at the end the following:

22 “(18) Notwithstanding any other provision of
 23 this subsection, any permanent disqualification of a
 24 retail food store or wholesale food concern under
 25 paragraph (3) or (4) of section 12(b) shall be effec-

1 tive from the date of receipt of the notice of dis-
2 qualification. If the disqualification is reversed
3 through administrative or judicial review, the Sec-
4 retary shall not be liable for the value of any sales
5 lost during the disqualification period.”.

6 **SEC. 377. EXPAND CIVIL AND CRIMINAL FORFEITURE FOR**
7 **VIOLATIONS OF THE FOOD STAMP ACT.**

8 (a) The first sentence of section 15(g) of the Food
9 Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by
10 striking “or intended to be furnished”.

11 (b) Section 15 of the Food Stamp Act of 1977 (7
12 U.S.C. 2024) is amended by adding the following new sub-
13 sections:

14 “(h) CIVIL FORFEITURE.—

15 “(1) Any property, real or personal,

16 “(A) constituting, derived from, or trace-
17 able to any proceeds obtained directly or indi-
18 rectly from, or

19 “(B) used, or intended to be used, to com-
20 mit or to facilitate, the commission of a viola-
21 tion (other than a misdemeanor) of subsection
22 (b) or (c) of this section, shall be subject to for-
23 feiture to the United States.

24 “(2) The provisions of chapter 46 of title 18,
25 relating to civil forfeitures shall extend to a seizure

1 or forfeiture under this subsection, insofar as appli-
2 cable and not inconsistent with the provisions of this
3 subsection, except that such duties as are imposed
4 upon the Secretary of the Treasury under chapter
5 46 shall be performed with respect to seizures and
6 forfeitures under this section by such officers,
7 agents, and other persons as designated for that
8 purpose by the Secretary, U.S. Department of Agri-
9 culture.

10 “(3) Forfeitures imposed under this subsection
11 shall be in addition to any criminal sanctions im-
12 posed against the owner of the forfeited property.

13 “(i) CRIMINAL FORFEITURE.—

14 “(1) In imposing sentence upon any person con-
15 victed of a violation (other than a misdemeanor) of
16 subsection (b) or subsection (c) of this section, the
17 court shall order that the person forfeit to the Unit-
18 ed States, irrespective of any State law—

19 “(A) any property, real or personal, con-
20 stituting, derived from, or traceable to any pro-
21 ceeds such person obtained directly or indirectly
22 as a result of such violation; and

23 “(B) any of such person’s property used,
24 or intended to be used, to commit or to facili-
25 tate the commission of such violation.

1 “(2) All property subject to forfeiture under
2 this subsection, any seizure and disposition thereof,
3 and any proceeding relating thereto, shall be gov-
4 erned by section 413 of the Comprehensive Drug
5 Abuse Prevention and Control Act of 1970 (21
6 U.S.C. 853), with the exception of section 413(d),
7 insofar as applicable and not inconsistent with the
8 provisions of this subsection.

9 “(3) Restraining orders available under section
10 413(e) of the Comprehensive Drug Abuse Prevention
11 and Control Act of 1970 (21 U.S.C. 853(e)) shall
12 apply to assets otherwise subject to forfeiture under
13 section 413(p) of that Act (21 U.S.C. 853(p)), as in-
14 corporated in this subsection.”.

15 **SEC. 378. EXPAND AUTHORITY FOR SHARING INFORMA-**
16 **TION PROVIDED BY RETAIL FOOD STORES**
17 **AND WHOLESALE FOOD CONCERNS.**

18 (a) Section 205(c)(2)(C)(iii) of the Social Security
19 Act (42 U.S.C. 405(c)(2)(C)(iii)), as amended by section
20 316(a) of the Social Security Administrative Reform Act
21 of 1994 (Public Law 103–296; 108 Stat. 1464), is amend-
22 ed by—

23 (1) inserting in the first sentence of subclause
24 (II) after “instrumentality of the United States” the
25 following: “, or State government officers and em-

1 employees with law enforcement or investigative respon-
2 sibilities, or State agencies that have the responsibil-
3 ity for administering the Special Supplemental Nu-
4 trition Program for Women, Infants and Children
5 (WIC)”;

6 (2) inserting in the last sentence of subclause
7 (II) “or State” after “other Federal”; and

8 (3) inserting in subclause (III) “or a State”
9 after “United States”.

10 (b) Section 6109(f)(2) of the Internal Revenue Code
11 of 1986 (26 U.S.C. 6109(f)(2)) (as added by section
12 316(b) of the Social Security Administrative Reform Act
13 of 1994 (Public Law 103–296; 108 Stat. 1464)) is amend-
14 ed by—

15 (1) inserting in subparagraph (A) after “instru-
16 mentality of the United States” the following: “, or
17 State government officers and employees with law
18 enforcement or investigative responsibilities, or State
19 agencies that have the responsibility for administer-
20 ing the Special Supplemental Nutrition Program for
21 Women, Infants and Children (WIC)”;

22 (2) inserting in the last sentence of subpara-
23 graph (A) “or State” after “other Federal”; and

24 (3) inserting in subparagraph (B) “or a State”
25 after “United States”.

1 **PART 5—CONFORMING AMENDMENTS AND**
2 **EFFECTIVE DATES**

3 **SEC. 381. CONFORMING AMENDMENTS.**

4 (a) Section 5(k)(1)(A) of the Food Stamp Act of
5 1977 (7 U.S.C. 2014(k)(1)(A)) is amended by striking
6 “for aid to families with dependent children”.

7 (b) Section 6(e)(6) of the Food Stamp Act of 1977
8 (7 U.S.C. 2015(e)(6)) is amended by striking “aid to fam-
9 ilies with dependent children” and inserting “assistance”.

10 (c) Section 11 of the Food Stamp Act of 1977 (7
11 U.S.C. 2020) is amended by—

12 (1) striking in the first complete sentence of
13 subsection (e)(2) “aid to families with dependent
14 children”; and

15 (2) striking in subsection (i) “aid to families
16 with dependent children”.

17 (d) Section 16(g) of the Food Stamp Act of 1977
18 (7 U.S.C. 2025(g)) is amended in item (4) by striking
19 “Aid to Families with Dependent Children Program” and
20 inserting “program”.

21 (e) Section 17(b) of the Food Stamp Act of 1977 (7
22 U.S.C. 2026(b)) is amended by—

23 (1) striking in the first sentence of paragraph
24 (1)(A) “aid to families with dependent children” and
25 inserting “assistance”;

1 (2) striking in paragraph (3)(B) “for recipients
2 of aid to families with dependent children”;

3 (3) inserting before the period at the end of the
4 first sentence in paragraph (3)(B) the following:

5 “for recipients of assistance under part A of title IV
6 of the Social Security Act (42 U.S.C. 601 et seq.)”; and

7 (4) striking in paragraph (3)(C) “aid to fami-
8 lies with dependent children” and inserting the fol-
9 lowing:

10 “assistance under part A of title IV of the Social Se-
11 curity Act (42 U.S.C. 601 et seq.)”.

12 **SEC. 382. EFFECTIVE DATES.**

13 Except as otherwise provided in this subtitle, the pro-
14 visions of this subtitle become effective on the first day
15 of the second month after the month of enactment.

16 **Subtitle B—Child Nutrition**

17 **SEC. 391. FAMILY OR GROUP DAY CARE HOMES.**

18 (a) RESTRUCTURED DAY CARE HOME REIMBURSE-
19 MENTS.—Section 17(f)(3) of the National School Lunch
20 Act (42 U.S.C. 1766(f)(3)) is amended by striking “(3)(A)
21 Institutions” and all that follows through the end of sub-
22 paragraph (A) and inserting the following:

23 “(3) REIMBURSEMENT OF FAMILY OR GROUP
24 DAY CARE HOME SPONSORING ORGANIZATIONS.—

25 “(A) REIMBURSEMENT FACTOR.—

1 “(i) IN GENERAL.—An institution
2 that participates in the program under this
3 section as a family or group day care home
4 sponsoring organization shall be provided,
5 for payment to a home sponsored by the
6 organization, reimbursement factors in ac-
7 cordance with this subparagraph for the
8 cost of obtaining and preparing food and
9 prescribed labor costs involved in providing
10 meals under this section.

11 “(ii) TIER I FAMILY OR GROUP DAY
12 CARE HOMES.—

13 “(I) DEFINITION.—In this para-
14 graph, the term ‘tier I family or group
15 day care home’ means—

16 “(aa) a family or group day
17 care home that is located in a ge-
18 ographic area, as defined by the
19 Secretary based on census data,
20 in which at least 50 percent of
21 the children residing in the area
22 are members of households whose
23 incomes meet the income eligi-
24 bility guidelines for free or re-

duced price meals under section
9;

“(bb) a family or group day
care home that is located in an
area served by a school enrolling
elementary students in which at
least 50 percent of the total num-
ber of children enrolled are cer-
tified eligible to receive free or
reduced price school meals under
this Act or the Child Nutrition
Act of 1966 (42 U.S.C. 1771 et
seq.); or

“(cc) a family or group day
care home that is operated by a
provider whose household meets
the eligibility requirements for
free or reduced price meals under
section 9 and whose eligibility is
verified by the sponsoring organi-
zation of the home under regula-
tions established by the Sec-
retary.

“(II) REIMBURSEMENT.—Except
as provided in subclause (III), a tier

1 I family or group day care home shall
2 be provided reimbursement factors
3 under this clause without a require-
4 ment for documentation of the costs
5 described in clause (i), except that re-
6 imbursement shall not be provided
7 under this subclause for meals or sup-
8 plements served to the children of a
9 person acting as a family or group
10 day care home provider unless the
11 children meet the eligibility require-
12 ments for free or reduced price meals
13 under section 9.

14 “(III) FACTORS.—Except as pro-
15 vided in subclause (IV), the reim-
16 bursement factors applied to a home
17 referred to in subclause (II) shall be
18 the factors in effect on the date of en-
19 actment of this subclause.

20 “(IV) ADJUSTMENTS.—The re-
21 imbursement factors under this sub-
22 paragraph shall be adjusted on Octo-
23 ber 1, 1996, July 1, 1997, and each
24 July 1 thereafter, to reflect changes in
25 the Consumer Price Index for food at

1 home for the most recent 12-month
2 period for which the data are avail-
3 able. The reimbursement factors
4 under this subparagraph shall be
5 rounded to the nearest lower cent in-
6 crement and based on the unrounded
7 adjustment in effect on June 30 of
8 the preceding school year.

9 “(iii) TIER II FAMILY OR GROUP DAY
10 CARE HOMES.—

11 “(I) IN GENERAL.—

12 “(aa) FACTORS.—Except as
13 provided in subclause (II), with
14 respect to meals or supplements
15 served under this clause by a
16 family or group day care home
17 that does not meet the criteria
18 set forth in clause (ii)(I), the re-
19 imbursement factors shall be \$1
20 for lunches and suppers, 30 cents
21 for breakfasts, and 15 cents for
22 supplements.

23 “(bb) ADJUSTMENTS.—The
24 factors shall be adjusted on July
25 1, 1997, and each July 1 there-

1 after, to reflect changes in the
2 Consumer Price Index for food at
3 home for the most recent 12-
4 month period for which the data
5 are available. The reimbursement
6 factors under this item shall be
7 rounded down to the nearest
8 lower cent increment and based
9 on the unrounded adjustment for
10 the preceding 12-month period.

11 “(cc) REIMBURSEMENT.—A
12 family or group day care home
13 shall be provided reimbursement
14 factors under this subclause with-
15 out a requirement for docu-
16 mentation of the costs described
17 in clause (i), except that reim-
18 bursement shall not be provided
19 under this subclause for meals or
20 supplements served to the chil-
21 dren of a person acting as a fam-
22 ily or group day care home pro-
23 vider unless the children meet the
24 eligibility requirements for free

1 or reduced price meals under sec-
2 tion 9.

3 “(II) OTHER FACTORS.—A fam-
4 ily or group day care home that does
5 not meet the criteria set forth in
6 clause (ii)(I) may elect to be provided
7 reimbursement factors determined in
8 accordance with the following require-
9 ments:

10 “(aa) CHILDREN ELIGIBLE
11 FOR FREE OR REDUCED PRICE
12 MEALS.—In the case of meals or
13 supplements served under this
14 subsection to children who meet
15 the eligibility requirements for
16 free or reduced price meals under
17 section 9, the family or group
18 day care home shall be provided
19 reimbursement factors set by the
20 Secretary in accordance with
21 clause (ii)(III).

22 “(bb) INELIGIBLE CHIL-
23 DREN.—In the case of meals or
24 supplements served under this
25 subsection to children who do not

1 meet the eligibility requirements
2 for free or reduced price meals
3 under section 9, the family or
4 group day care home shall be
5 provided reimbursement factors
6 in accordance with subclause (I).

7 “(III) INFORMATION AND DE-
8 TERMINATIONS.—

9 “(aa) IN GENERAL.—If a
10 family or group day care home
11 elects to claim the factors de-
12 scribed in subclause (II), the
13 family or group day care home
14 sponsoring organization serving
15 the home shall collect the nec-
16 essary eligibility information, as
17 determined by the Secretary,
18 from any parent or other care-
19 taker to make the determinations
20 specified in subclause (II) and
21 shall make the determinations in
22 accordance with rules prescribed
23 by the Secretary.

24 “(bb) CATEGORICAL ELIGI-
25 BILITY.—In making a determina-

tion under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the income eligibility guidelines standard for free or reduced price meals under section 9 to be a child who is eligible for free or reduced price meals under section 9.

“(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have eligibility information col-

1 lected from parents or other care-
2 takers.”.

3 (b) GRANTS TO STATES TO PROVIDE ASSISTANCE TO
4 FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3)
5 of the National School Lunch Act (42 U.S.C. 1766(f)(3))
6 is amended by adding at the end the following—

7 “(D) GRANTS TO STATES TO PROVIDE AS-
8 SISTANCE TO FAMILY OR GROUP DAY CARE
9 HOMES.—

10 “(i) IN GENERAL.—

11 “(I) RESERVATION.—The Sec-
12 retary shall reserve \$5,000,000 of the
13 amount made available to carry out
14 this section for fiscal year 1996.

15 “(II) PURPOSE.—The Secretary
16 shall use the funds made available
17 under subclause (I) to provide grants
18 to States for the purpose of provid-
19 ing—

20 “(aa) assistance, including
21 grants, to family and day care
22 home sponsoring organizations
23 and other appropriate organiza-
24 tions, in securing and providing
25 training, materials, automated

1 data processing assistance, and
2 other assistance for the staff of
3 the sponsoring organizations; and
4 “(bb) training and other as-
5 sistance to family and group day
6 care homes in the implementation
7 of the amendments to subpara-
8 graph (A) made by section
9 391(a) of the Work First and
10 Personal Responsibility Act of
11 1996.

12 “(ii) ALLOCATION.—The Secretary
13 shall allocate from the funds reserved
14 under clause (i)(I)—

15 “(I) \$30,000 in base funding to
16 each State; and

17 “(II) any remaining amount
18 among the States, based on the num-
19 ber of family day care homes partici-
20 pating in the program in a State dur-
21 ing fiscal year 1994 as a percentage
22 of the number of all family day care
23 homes participating in the program
24 during fiscal year 1994.

1 “(iii) RETENTION OF FUNDS.—Of the
2 amount of funds made available to a State
3 for fiscal year 1996 under clause (i), the
4 State may retain not to exceed 30 percent
5 of the amount to carry out this subpara-
6 graph.

7 “(iv) ADDITIONAL PAYMENTS.—Any
8 payments received under this subpara-
9 graph shall be in addition to payments
10 that a State receives under subparagraph
11 (A) (as amended by section 391(a) of the
12 Work First and Personal Responsibility
13 Act of 1996).”.

14 (c) PROVISION OF DATA.—Section 17(f)(3) of the
15 National School Lunch Act (42 U.S.C. 1766(f)(3)), as
16 amended by subsection (b), is further amended by adding
17 at the end the following:

18 “(E) PROVISION OF DATA TO FAMILY OR
19 GROUP DAY CARE HOME SPONSORING ORGANI-
20 ZATIONS.—

21 “(i) CENSUS DATA.—The Secretary
22 shall provide to each State agency admin-
23 istering a child and adult care food pro-
24 gram under this section data from the
25 most recent decennial census survey or

1 other appropriate census survey for which
2 the data are available showing which areas
3 in the State meet the requirements of sub-
4 paragraph (A)(ii)(I)(aa). The State agency
5 shall provide the data to family or group
6 day care home sponsoring organizations lo-
7 cated in the State.

8 “(ii) SCHOOL DATA.—

9 “(I) IN GENERAL.—A State
10 agency administering the school lunch
11 program under this Act or the school
12 breakfast program under the Child
13 Nutrition Act of 1966 (42 U.S.C.
14 1771 et seq.) shall provide data for
15 each elementary school in the State,
16 or shall direct each school within the
17 State to provide data for the school,
18 to approved family or group day care
19 home sponsoring organizations that
20 request the data, on the percentage of
21 enrolled children who are certified eli-
22 gible for free or reduced price meals.

23 “(II) USE OF DATA FROM PRE-
24 CEDING SCHOOL YEAR.—In determin-
25 ing for a fiscal year or other annual

1 period whether a home qualifies as a
2 tier I family or group day care home
3 under subparagraph (A)(ii)(I), the
4 State agency administering the pro-
5 gram under this section, and a family
6 or group day care home sponsoring
7 organization, shall use the most cur-
8 rent available data at the time of the
9 determination.

10 “(iii) DURATION OF DETERMINA-
11 TION.—For purposes of this section, a de-
12 termination that a family or group day
13 care home is located in an area that quali-
14 fies the home as a tier I family or group
15 day care home (as the term is defined in
16 subparagraph (A)(ii)(I)), shall be in effect
17 for 3 years (unless the determination is
18 made on the basis of census data, in which
19 case the determination shall remain in ef-
20 fect until more recent census data are
21 available) unless the State agency deter-
22 mines that the area in which the home is
23 located no longer qualifies the home as a
24 tier I family or group day care home.”.

1 (d) CONFORMING AMENDMENTS.—Section 17(c) of
2 the National School Lunch Act is amended by inserting
3 “except as provided in subsection (f)(3),” after “For pur-
4 poses of this section,” each place it appears in paragraphs
5 (1), (2), and (3).

6 (e) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as provided in para-
8 graph (2), the amendments made by this section be-
9 come effective on the date of enactment of this sub-
10 title.

11 (2) IMPROVED TARGETING OF DAY CARE HOME
12 REIMBURSEMENTS.—The amendments made by sub-
13 sections (a), (c), and (d) become effective on October
14 1, 1996.

15 **SEC. 392. REIMBURSEMENT RATE ADJUSTMENTS.**

16 (a) IN GENERAL.—

17 (1) COMMODITY RATE.—Section 6(e)(1)(B) of
18 the National School Lunch Act (42 U.S.C.
19 1755(e)(1)(B)) is amended by striking “1/4 cent”
20 and inserting “lower cent increment”.

21 (2) LUNCH, BREAKFAST, AND SUPPLEMENT
22 RATES.—Section 11(a)(3)(B) of the National School
23 Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended
24 by striking “one fourth cent” and inserting “lower
25 cent increment”.

(5) REDUCED PRICE BREAKFAST RATES.—Section 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(B)) is amended by striking “one fourth cent” and inserting “lower cent increment”.

(b) **EFFECTIVE DATES.**—The amendments made by subsection (a) become effective on July 1, 1996.

(a) Section 4 of the Child Nutrition Act of 1996 (42 U.S.C. 1773) is amended by striking subsection (g).

1 (b) The amendment made by this subsection (a) be-
2 comes effective on October 1, 1996.

3 **SEC. 394. AUTHORIZATION OF APPROPRIATIONS.**

4 Section 19(i) of the Child Nutrition Act (42 U.S.C.
5 1788(i)) is amended—

6 (1) in the first sentence of paragraph (2)(A), by
7 striking “and each succeeding fiscal Year”;

8 (2) by redesignating paragraphs (3) and (4) as
9 paragraphs (4) and (5), respectively; and

10 (3) by inserting after paragraph (2) the follow-
11 ing:

12 “(3) FISCAL YEARS 1997 THROUGH 2002.—

13 “(A) IN GENERAL.—There are authorized
14 to be appropriated to carry out this section
15 \$10,000,000 for each of the fiscal years 1997
16 through 2002.

17 “(B) GRANTS.—

18 “(i) IN GENERAL.—Grants to each
19 State from the amounts made available
20 under subparagraph (A) shall be based on
21 a rate of 50 cents for each child enrolled
22 in schools or institutions within the State,
23 except that no State shall receive an
24 amount less than \$75,000 per fiscal year.

1 “(ii) INSUFFICIENT FUNDS.—If an
 2 amount made available for any fiscal year
 3 is insufficient to pay the amount to which
 4 each State is entitled under clause (i), the
 5 amount of each grant, including minimum
 6 grants, shall be ratably reduced.”.

7 **SEC. 395. DIRECT FEDERAL EXPENDITURES.**

8 (a) COMMODITY ASSISTANCE.—Section 6(g) of the
 9 National School Lunch Act (42 U.S.C. 1755(g)) is amend-
 10 ed by striking “12 percent” and inserting “8 percent”.

11 (b) The amendment made by this section becomes ef-
 12 fective on July 1, 1996.

13 **TITLE D—TREATMENT OF**
 14 **ALIENS**

15 **SEC. 401. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUB-**
 16 **LIC ASSISTANCE PROGRAMS.**

17 (a) FEDERAL AND FEDERALLY-ASSISTED PRO-
 18 GRAMS.—

19 (1) PROGRAM ELIGIBILITY CRITERIA.—

20 (A) TEMPORARY EMPLOYMENT ASSIST-
 21 ANCE.—Section 402(c), as amended by sections
 22 101(a) and 112 of this Act, is further amended
 23 by adding at the end the following paragraph:

24 “(9) RESTRICTION OF ELIGIBILITY TO CITIZENS
 25 AND LEGAL IMMIGRANTS.—The State plan shall pro-

1 vide that, in order to be eligible for assistance under
2 the State plan, an individual must be either—

3 “(A) a citizen or national of the United
4 States, or

5 “(B) a qualified alien (as defined in section
6 1145(a)), provided that such alien is not dis-
7 qualified from receiving assistance under a
8 State plan approved under this part by or pur-
9 suant to section 210(f) or 245A(h) of the Immi-
10 gration and Nationality Act or any other provi-
11 sion of law;”.

12 (B) SUPPLEMENTAL SECURITY INCOME.—

13 Section 1614(a)(1)(B)(i) is amended to read as
14 follows:

15 “(B)(i) is a resident of the United States,
16 and is either (I) a citizen or national of the
17 United States, or (II) a qualified alien (as de-
18 fined in section 1145(a)), or”.

19 (C) MEDICAID.—

20 (i) Section 1903(v)(1) is amended to
21 read as follows:

22 “(v)(1) Notwithstanding the preceding provisions of
23 this section—

24 “(A) no payment may be made to a State under
25 this section for medical assistance furnished to an

1 individual who is disqualified from receiving such as-
2 sistance by or pursuant to section 210(f) or 245A(h)
3 of the Immigration and Nationality Act or any other
4 provision of law, and

5 “(B) except as provided in paragraph (2), no
6 such payment may be made for medical assistance
7 furnished to an individual who is not—

8 “(i) a citizen or national of the United
9 States, or

10 “(ii) a qualified alien (as defined in section
11 1145(a)).”.

12 (ii) Section 1903(v)(2) is amended—

13 (I) by striking “paragraph (1)”
14 and inserting “paragraph (1)(B)”;
15 and

16 (II) by striking “alien” each
17 place it appears and inserting “indi-
18 vidual”.

19 (iii) Section 1902(a) is amended in
20 the last sentence by striking “alien” and
21 all that follows and inserting “individual
22 who is not (A) a citizen or national of the
23 United States, or (B) a qualified alien (as
24 defined in section 1145(a)) only in accord-
25 ance with section 1903(v).”.

1 (iv) Section 1902(b)(3) is amended by
2 inserting “or national” after “citizen”.

3 (2) DEFINITION OF “QUALIFIED ALIEN”.—Title
4 XI is amended by adding at the end the following
5 new section:

6 “UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC
7 ASSISTANCE PROGRAMS

8 “SEC. 1145. (a) DEFINITIONS.—For purposes of the
9 programs under part A of title IV and titles XVI and XIX
10 of this Act—

11 “(1) QUALIFIED ALIEN.—The term ‘qualified
12 alien’ means an alien—

13 “(A) who is lawfully admitted for perma-
14 nent residence within the meaning of section
15 101(a)(20) of the Immigration and Nationality
16 Act;

17 “(B) who is admitted as a refugee pursu-
18 ant to section 207 of such Act;

19 “(C) who is granted asylum pursuant to
20 section 208 of such Act;

21 “(D) who is a Cuban or Haitian entrant,
22 as defined in section 501(e) of the Refugee
23 Education Assistance Act of 1980 (Public Law
24 96–422);

1 “(E) whose deportation is withheld pursu-
2 ant to section 243(h) of the Immigration and
3 Nationality Act;

4 “(F) whose deportation is suspended pur-
5 suant to section 244 of such Act;

6 “(G) who is granted conditional entry pur-
7 suant to section 203(a)(7) of such Act as in ef-
8 fect prior to April 1, 1980;

9 “(H) who is lawfully admitted for tem-
10 porary residence pursuant to section 210 or
11 245A of such Act;

12 “(I) who is paroled into the United States
13 under section 212(d)(5) of such Act for a pe-
14 riod of at least one year;

15 “(J) who is within a class of aliens lawfully
16 present within the United States pursuant to
17 any other provision of such Act, provided
18 that—

19 “(i) the Attorney General determines
20 (and such determination shall not be judi-
21 cially reviewable) that the continued pres-
22 ence of such class of aliens serves a hu-
23 manitarian or other compelling public in-
24 terest, and

1 “(ii) the Secretary of Health and
2 Human Services and the Commissioner of
3 Social Security determine (and such deter-
4 mination shall not be judicially reviewable)
5 that such interest would be further served
6 by treating each alien within such class as
7 a ‘qualified alien’ for purposes of this Act;
8 or

9 “(K) who is the spouse or unmarried child
10 under 21 years of age of a citizen of the United
11 States, or the parent of such a citizen if the cit-
12 izen is 21 years of age or older, and with re-
13 spect to whom an application for adjustment to
14 lawful permanent residence is pending;
15 such status not having changed.

16 “(2) SPONSOR.—The term ‘sponsor’ means,
17 with respect to a qualified alien, an individual who—

18 “(A) is a citizen or national of the United
19 States or an alien who is lawfully admitted to
20 the United States for permanent residence;

21 “(B) is 18 years of age or over;

22 “(C) is domiciled in any State, the District
23 of Columbia, or any territory or possession of
24 the United States; and

1 “(D) has executed an affidavit of support
2 for such alien in accordance with section 213 of
3 the Immigration and Nationality Act.”.

4 (3) CONFORMING AMENDMENT.—Section
5 244A(f)(1) of the Immigration and Nationality Act
6 is amended by inserting “and shall not be considered
7 to be a ‘qualified alien’ within the meaning of sec-
8 tion 1145(a) of the Social Security Act” immediately
9 before the semicolon.

10 (b) STATE AND LOCAL PROGRAMS.—A State, or a
11 political subdivision of a State, may provide that an alien
12 is not eligible for any program of cash assistance (other
13 than assistance related to pre-school, elementary, or sec-
14 ondary education) or medical assistance (other than emer-
15 gency medical assistance) based on need that is furnished
16 by such State or political subdivision unless such alien is
17 a “qualified alien” within the meaning of section 1145(a)
18 of the Social Security Act (as added by subsection (a)(2)
19 of this section).

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section are effective with respect to benefits furnished
22 on the basis of any application filed after the date of en-
23 actment of this Act.

1 **SEC. 402. DEEMING OF SPONSOR'S INCOME AND RE-**
2 **SOURCES TO ALIEN UNDER TEA, SSI, AND**
3 **FOOD STAMP PROGRAMS.**

4 (a) EXTENSION OF DEEMING PERIOD TO DATE OF
5 NATURALIZED CITIZENSHIP.—Section 1145 of the Social
6 Security Act, as added by section 401 of this Act, is
7 amended by adding at the end the following new sub-
8 section:

9 “(b) DEEMING OF INCOME TO SPONSORED ALIEN
10 UNTIL NATURALIZATION FOR PURPOSES OF CERTAIN AS-
11 SISTANCE PROGRAMS.—

12 “(1) IN GENERAL.—Except as otherwise pro-
13 vided in this subsection, for purposes of the pro-
14 grams under titles IV–A and XVI and the program
15 under the Food Stamp Act of 1977, the income and
16 resources of the sponsor of a qualified alien, and of
17 the sponsor's spouse, shall be deemed to be available
18 to such alien, in accordance with the applicable pro-
19 visions of each such program, until the date on
20 which the alien achieves United States citizenship
21 through naturalization pursuant to the Immigration
22 and Nationality Act.

23 “(2) EXCEPTIONS.—The income and resources
24 of a sponsor shall not be deemed available to a
25 qualified alien in the following circumstances:

1 “(A) ELDERLY ALIEN AFTER 5 YEARS’
2 RESIDENCE.—The alien has been lawfully ad-
3 mitted to the United States for permanent resi-
4 dence, has attained 75 years of age, and has re-
5 sided in the United States for at least 5 years.

6 “(B) ALIEN A VETERAN.—The alien—

7 “(i) is a veteran (as defined in section
8 101 of title 38, United States Code) with
9 a discharge characterized as an honorable
10 discharge,

11 “(ii) is on active duty (other than ac-
12 tive duty for training) in the Armed Forces
13 of the United States, or

14 “(iii) is the spouse (other than a di-
15 vorced spouse), surviving spouse, or un-
16 married minor dependent child of an indi-
17 vidual described in clause (i) or (ii).

18 “(C) Alien a taxpayer.—

19 “(i) Taxes have been paid (as deter-
20 mined in accordance with clause (ii)) under
21 chapter 2 or chapter 21 of the Internal
22 Revenue Code of 1986 for each of 20 dif-
23 ferent calendar quarters with respect to
24 the self-employment income or employment
25 of the alien, or spouse of the alien, or par-

1 ent of the alien (in the case of an alien
2 under age 25).

3 “(ii) For purposes of clause (i), the
4 taxes described in such clause shall, in the
5 absence of any evidence to the contrary, be
6 assumed to have been paid with respect to
7 any wages and self-employment income for
8 which such alien, parent, or spouse has
9 been credited in the records maintained by
10 the Commissioner of Social Security for
11 purposes of the administration of the Fed-
12 eral Old-Age, Survivors, and Disability In-
13 surance program authorized by title II of
14 this Act.

15 “(iii) The Social Security Administra-
16 tion, by regulation, shall provide a sim-
17 plified method for assigning an individual’s
18 annual earnings in a year to a given cal-
19 endar quarter. Earnings assigned to a
20 given calendar quarter are considered to be
21 acquired as of the first day of that quarter.

22 “(D) ALIEN WHOSE SPONSOR RECEIVES
23 TEA OR SSI BENEFITS.—The provisions of para-
24 graph (1) shall not apply to any alien for any

1 month for which such alien's sponsor receives
2 any of the following benefits—

3 “(i) temporary employment assistance
4 under part A of title IV;

5 “(ii) supplemental security income
6 under title XVI; or

7 “(iii) federally administered State
8 supplementary payments pursuant to sec-
9 tion 1616(a) of this Act or to section
10 212(b) of Public Law 93-66.

11 “(E) FOOD STAMPS EXEMPTION FOR
12 BLIND OR DISABLED ALIEN.—The provisions of
13 paragraph (1) shall not apply to the program
14 under the Food Stamp Act of 1977 with respect
15 to an alien for any month for which such alien
16 receives supplemental security income under
17 title XVI by reason of blindness (as determined
18 under section 1614(a)(2)) or disability (as de-
19 termined under section 1614(a)(3)), provided
20 that such blindness or disability commenced
21 after the date of such individual's admission
22 into the United States for permanent residence.

23 “(3) REGULATIONS PROVIDING FOR HARDSHIP
24 EXCEPTIONS.—The Secretary of Health and Human
25 Services, the Commissioner of Social Security, and

1 the Secretary of Agriculture, after consultation to-
2 gether, may each promulgate regulations providing
3 for alteration or suspension of the application of
4 paragraph (1) in cases (including cases in which the
5 sponsored alien is the subject of domestic violence or
6 other abuse by the sponsor) where such application
7 to a qualified alien, for purposes of determining eli-
8 gibility for a program administered by such official,
9 would be inequitable in the circumstances.

10 “(4) INAPPLICABILITY TO MEDICAID.—The pro-
11 visions of paragraph (1) shall be inapplicable to the
12 determination of the eligibility of a qualified alien
13 for benefits under title XIX.”.

14 (b) AMENDMENTS TO PROGRAM STATUTES.—

15 (1) TEMPORARY EMPLOYMENT ASSISTANCE.—
16 Section 415 of the Social Security Act is redesign-
17 nated as section 407, and is amended—

18 (A) in subsection (a)—

19 (i) by striking “an alien described in
20 clause (B) of section 402(a)(33)” and in-
21 serting “a qualified alien (as defined in
22 section 1145(a))”; and

23 (ii) by striking “for a period of three
24 years after the individual’s entry into the
25 United States” and inserting “, subject to

1 the exceptions in subsection (f), during the
2 period (if any) determined pursuant to sec-
3 tion 1145(b) with respect to such alien”;

4 (B) in subsection (b)—

5 (i) in paragraph (1)(B)(ii), by striking
6 “section 402(a)(7)” and inserting “section
7 402(d)”;

8 (ii) in paragraph (2)(A), by striking
9 “aid” and inserting “assistance”; and

10 (iii) in paragraph (2)(B), by striking
11 “\$1,500” and inserting “\$2,000”; and

12 (C) in subsection (c)(1), in the first and
13 second sentences, and in subsection (d)—

14 (i) by striking “aid” each place it ap-
15 pears and inserting “assistance”; and

16 (ii) by striking “during the period of
17 three years after his or her entry into the
18 United States” and inserting “during the
19 period (if any) determined pursuant to sec-
20 tion 1145(b) with respect to such alien”.

21 (2) SUPPLEMENTAL SECURITY INCOME.—

22 (A) Section 1621(a) of the Social Security
23 Act is amended by striking “for a period of 5
24 years after the individual’s entry into the Unit-
25 ed States” and inserting “during the period (if

1 any) determined pursuant to section 1145(b)
2 with respect to such alien”.

3 (B) Section 1621(c) of the Social Security
4 Act is amended by striking “during the period
5 of 5 years after such alien’s entry into the
6 United States” and inserting “during the pe-
7 riod (if any) determined pursuant to section
8 1145 with respect to such alien”.

9 (C) Section 1621(d) of the Social Security
10 Act is amended by striking “during the period
11 of 5 years after entry into the United States”
12 and inserting “during the period (if any) deter-
13 mined pursuant to section 1145(b) with respect
14 to such alien”.

15 (D) Section 1621(e) of the Social Security
16 Act is amended by striking “during the period
17 of 5 years after such alien’s entry into the
18 United States” and inserting “during the pe-
19 riod (if any) determined pursuant to section
20 1145(b) with respect to such alien”.

21 (3) FOOD STAMPS.—Section 5(i) of the Food
22 Stamp Act of 1977 is amended—

23 (A) in paragraph (1), by striking “for a
24 period of three years after the individual’s entry
25 into the United States” and inserting “for the

1 period (if any) determined pursuant to section
2 1145(b) of the Social Security Act with respect
3 to such alien”;

4 (B) in paragraph (2)(B)(ii), by striking
5 “\$1,500” and inserting “\$2,000”;

6 (C) in paragraph (2)(C), by striking “dur-
7 ing the period of three years after entry into
8 the United States” and inserting “during the
9 period (if any) determined pursuant to section
10 1145(b) of the Social Security Act with respect
11 to such alien”; and

12 (D) in paragraph (2)(D), by striking “dur-
13 ing the period of three years after such alien’s
14 entry into the United States” and inserting
15 “during the period (if any) determined pursu-
16 ant to section 1145(b) of the Social Security
17 Act with respect to such alien”.

18 (c) STATE AND LOCAL PROGRAMS.—A State, or a po-
19 litical subdivision of a State, may provide that an alien
20 is not eligible for any program of cash assistance (other
21 than assistance related to pre-school, elementary, or sec-
22 ondary education) based on need that is furnished by such
23 State or political subdivision for any month if such alien
24 has been determined to be ineligible for such month for
25 benefits under—

1 (1) the program of temporary employment as-
2 sistance under part A of title IV of the Social Secu-
3 rity Act, as a result of the application of section 407
4 of such Act;

5 (2) the program of supplemental security in-
6 come under title XVI of the Social Security Act, as
7 a result of the application of section 1611(e)(4) or
8 1621 of such Act; or

9 (3) the Food Stamp Act of 1977, as a result of
10 the application of section 5(i) or 6(i) of such Act.

11 (d) EFFECTIVE DATE.—

12 (1) The amendments made by this section are
13 effective with respect to benefits under the program
14 of temporary employment assistance authorized by
15 part A of title IV of the Social Security Act, the pro-
16 gram of supplemental security income authorized by
17 title XVI of the Social Security Act, and the pro-
18 gram authorized by the Food Stamp Act of 1977,
19 payable for months beginning on or after the date
20 60 days after enactment of this Act, on the basis
21 of—

22 (A) an application filed after such date, or

23 (B) an application filed on or before such
24 date by or on behalf of an individual subject to
25 the provisions of section 1621(a) or section 415

1 (which is renumbered as section 407 by sub-
2 section (b) of this section and section 102 of
3 this Act, effective as of October 1, 1996) of the
4 Social Security Act or section 5(i)(1) of the
5 Food Stamp Act of 1977 (as the case may be)
6 on such date.

7 **SEC. 403. CONTINUED LIABILITY OF ALIEN AND SPONSOR**
8 **FOR OVERPAYMENTS.**

9 (a) TEMPORARY EMPLOYMENT ASSISTANCE.—Sec-
10 tion 407(d) (as redesignated and amended by section
11 402(b) of this Act) is amended by adding at the end the
12 following sentence: “If an individual who is an alien sub-
13 ject to this subsection is naturalized as a citizen of the
14 United States, such naturalization shall have no effect
15 upon the continued application of this subsection to such
16 individual or to such individual’s sponsor.”.

17 (b) SUPPLEMENTAL SECURITY INCOME.—Section
18 1621(e) is amended by adding at the end the following
19 sentence: “If an individual who is an alien subject to this
20 subsection is naturalized as a citizen of the United States,
21 such naturalization shall have no effect upon the contin-
22 ued application of this subsection to such individual or to
23 such individual’s sponsor.”.

24 (c) FOOD STAMPS.—Section 5(i)(2)(D) of the Food
25 Stamp Act of 1977 is amended by adding at the end the

1 following sentence: “If an individual who is an alien sub-
 2 ject to this subsection is naturalized as a citizen of the
 3 United States, such naturalization shall have no effect
 4 upon the continued application of this subsection to such
 5 individual or to such individual’s sponsor.”.

6 **SEC. 404. REQUIREMENTS FOR SPONSOR’S AFFIDAVIT OF**
 7 **SUPPORT.**

8 (a) SPONSOR’S AFFIDAVIT OF SUPPORT.—Section
 9 213 of the Immigration and Nationality Act (8 U.S.C.
 10 1183) is amended—

11 (1) in the heading, by striking “ON GIVING
 12 BOND” and inserting “UPON PROVISION OF
 13 BOND OR GUARANTEE OF FINANCIAL RE-
 14 SPONSIBILITY”;

15 (2) by designating the existing matter as sub-
 16 section (a); and

17 (3) by adding at the end a new subsection as
 18 follows:

19 “(b)(1) ATTORNEY GENERAL’S DISCRETION TO
 20 ADMIT ALIEN.—An alien excludable under paragraph (4)
 21 of section 212(a) may, if otherwise admissible, be admitted
 22 in the discretion of the Attorney General upon a finding
 23 by the Attorney General that—

24 “(A) the alien has received a guarantee of fi-
 25 nancial responsibility in such form as may be pre-

1 scribed pursuant to paragraph (4) and meeting the
2 conditions described in paragraph (2); and

3 “(B) taking into consideration all relevant cir-
4 cumstances, it is reasonable to expect that the spon-
5 sor has the financial capacity to meet the obligations
6 of the guarantee.”

7 “(2) SUBSTANCE OF GUARANTEE OF SUPPORT.—A
8 guarantee of financial responsibility for an alien must—

9 “(A) be signed in the presence of an immigra-
10 tion officer or consular officer (or in the presence of
11 a notary public) by an individual (referred to in this
12 subsection as the ‘sponsor’) who is 18 years of age
13 or older, is of good moral character, and is a citizen
14 or national of the United States or an alien lawfully
15 admitted for permanent residence domiciled in any
16 of the several States of the United States, the Dis-
17 trict of Columbia, or any territory or possession of
18 the United States; and

19 “(B) provide that the sponsor enters into a le-
20 gally binding commitment to furnish to or on behalf
21 of the alien financial support sufficient to meet the
22 alien’s basic subsistence needs until the alien
23 achieves United States citizenship through natu-
24 ralization pursuant to the Immigration and Nation-
25 ality Act.

1 “(3) ENFORCEABILITY OF GUARANTEE OF SUP-
2 PORT.—Any guarantee of financial support executed on
3 behalf of an alien pursuant to this subsection must be en-
4 forceable against the sponsor and may be enforced against
5 the sponsor in a civil suit brought by the sponsored alien
6 or by the Federal Government, any State, district, terri-
7 tory, or possession of the United States (or any subdivi-
8 sion of such State, district, territory, or possession of the
9 United States) which provides benefits to the alien in any
10 court of competent jurisdiction, except that no action may
11 be brought against a sponsor if the sponsor is receiving
12 cash or food stamp benefits (as defined in paragraph (7)).

13 “(4) FORM OF GUARANTEE OF SUPPORT.—Not later
14 than 90 days after the date of enactment of this section,
15 the Secretary of State, the Attorney General, the Sec-
16 retary of Health and Human Services, the Secretary of
17 Agriculture, and the Commissioner of Social Security shall
18 jointly establish the form of the guarantee of financial
19 support described in this section.

20 “(5) LIMITATION OF LIABILITY.—The guarantee of
21 financial support established pursuant to this section shall
22 only apply with respect to cash or food stamp benefits (as
23 defined in paragraph (7)) provided to an alien before the
24 earliest of the following:

1 “(A) CITIZENSHIP.—The date the alien be-
2 comes a citizen of the United States.

3 “(B) VETERAN.—The first date the alien is de-
4 scribed in section 1145(b)(2)(B) of the Social Secu-
5 rity Act.

6 “(C) PAYMENT OF SOCIAL SECURITY TAXES.—
7 The first date as of which the condition described in
8 section 1145(b)(2)(C) of the Social Security Act is
9 met with respect to the alien.

10 “(D) ELDERLY ALIEN.—The first date the
11 alien is described in section 1145(b)(2)(A) of the So-
12 cial Security Act.

13 “(6) NONAPPLICATION DURING CERTAIN PERIODS.—
14 The contract established by this section shall not apply
15 with respect to cash or food stamp benefits (as defined
16 in paragraph (7)) provided to an alien during any period
17 in which the sponsor is receiving such benefits.

18 “(7) DEFINITION OF CASH OR FOOD STAMP BENE-
19 FITS.—For the purposes of this section the term ‘cash or
20 food stamp benefits’ means Federal assistance provided
21 under title IV–A or XVI of the Social Security Act, under
22 the Food Stamp Act of 1977, or under similar programs
23 of a State or a political subdivision of a State that provides
24 direct cash (or cash equivalent) assistance for the purpose
25 of income maintenance and in which the eligibility of an

1 individual, household, or family unit for such benefits
 2 under the program, or the amount of such benefits, or
 3 both, are determined on the basis of income, resources,
 4 or financial need of the individual, household, or unit.
 5 Such term does not include any program insofar as it pro-
 6 vides medical, housing, education, job training, food, or
 7 in-kind assistance or social services.”.

8 (b) EFFECTIVE DATE.—The amendments made by
 9 this section apply to affidavits of support executed on or
 10 after the date 90 days after the date of establishment of
 11 the form for such affidavits under section 213(b)(4) of the
 12 Immigration and Nationality Act, as added by this section.

13 **TITLE V—SUPPLEMENTAL** 14 **SECURITY INCOME REFORMS**

15 **SEC. 501. DEFINITION AND ELIGIBILITY RULES.**

16 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-
 17 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

18 (1) in subparagraph (A), by striking “An indi-
 19 vidual” and inserting “Except as provided in sub-
 20 paragraph (C), an individual”;

21 (2) in subparagraph (A), by striking “(or, in
 22 the case of an individual under the age of 18, if he
 23 suffers from any medically determinable physical or
 24 mental impairment of comparable severity)”;

1 (3) by redesignating subparagraphs (C) through
2 (H) as subparagraphs (D) through (I), respectively;
3 (4) by inserting after subparagraph (B) the fol-
4 lowing new subparagraph:

5 “(C) An individual under the age of 18
6 shall be considered disabled for the purposes of
7 this title if that individual has a medically de-
8 terminable physical or mental impairment,
9 which results in marked and severe functional
10 limitations, and which can be expected to result
11 in death or which has lasted or can be expected
12 to last for a continuous period of not less than
13 12 months. Notwithstanding the preceding sen-
14 tence, no individual under the age of 18 who
15 engages in substantial gainful activity (deter-
16 mined in accordance with regulations prescribed
17 pursuant to subparagraph (E)) may be consid-
18 ered to be disabled.”; and

19 (5) in subparagraph (F), as so redesignated by
20 paragraph (3) of this subsection, by striking “(D)”
21 and inserting “(E)”.

22 (b) CHANGES RESPECTING CHILDHOOD SSI REGU-
23 LATIONS.—

24 (1) MODIFICATION TO MEDICAL CRITERIA FOR
25 EVALUATION OF MENTAL AND EMOTIONAL DIS-

1 ORDERS.—The Commissioner of Social Security
2 shall modify sections 112.00C.2. and
3 112.02B.2.c.(2) of appendix 1 to subpart P of part
4 404 of title 20, Code of Federal Regulations, to
5 eliminate references to maladaptive behavior in the
6 domain of personal/behavioral function.

7 (2) DISCONTINUANCE OF INDIVIDUALIZED
8 FUNCTIONAL ASSESSMENT.—The Commissioner of
9 Social Security shall discontinue the individualized
10 functional assessment for children set forth in sec-
11 tions 416.924d and 416.924e of title 20, Code of
12 Federal Regulations.

13 (c) CONFORMING AMENDMENT TO MEDICAL IM-
14 PROVEMENT REVIEW STANDARD AS IT APPLIES TO INDIV-
15 VIDUALS UNDER THE AGE OF 18.—

16 (1) IN GENERAL.—Section 1614(a)(4) (42
17 U.S.C. 1382c(a)(4)) is amended—

18 (A) by redesignating subclauses (I) and
19 (II) of clauses (i) and (ii) of subparagraph (B)
20 as subclauses (aa) and (bb), respectively;

21 (B) by redesignating clauses (i) and (ii) of
22 subparagraphs (A) and (B) as subclauses (I)
23 and (II), respectively;

24 (C) by redesignating subparagraphs (A)
25 through (D) as clauses (i) through (iv), respec-

tively, and by moving their left hand margin 2
ems to the right;

(D) by inserting before clause (i) (as redesignated by subparagraph (C)) the following:

“(A) in the case of an individual who is age 18 or older—”;

(E) at the end of subparagraph (A)(iv) (as redesignated by subparagraphs (C) and (D)), by striking the period and inserting “; or”;

(F) by inserting after and below subparagraph (A)(iv) (as so redesignated) the following:

“(B) in the case of an individual who is under the age of 18—

“(i) substantial evidence which demonstrates that there has been any medical improvement in the individual’s impairment or combination of impairments, and that such impairment or combination of impairments no longer results in marked and severe functional limitations; or

“(ii) substantial evidence which demonstrates that, as determined on the basis of new or improved diagnostic techniques or evaluations, the individual’s impairment or combination of impairments is not as

1 disabling as it was considered to be at the
2 time of the most recent prior decision that
3 he or she was under a disability or contin-
4 ued to be under a disability, and such im-
5 pairment or combination of impairments
6 does not result in marked and severe func-
7 tional limitations; or

8 “(iii) substantial evidence (which may
9 be evidence on the record at the time any
10 prior determination of eligibility for bene-
11 fits based on disability was made, or newly
12 obtained evidence which relates to that de-
13 termination) which demonstrates that a
14 prior determination was in error.”; and

15 (G) in the first sentence following subpara-
16 graph (B) (as added by subparagraph (F)),
17 by—

18 (i) inserting “(i)” before “to restore”;

19 and

20 (ii) inserting “, or

21 (ii) in the case of an individual under
22 the age of 18, to eliminate or improve the
23 individual’s impairment or combination of
24 impairments so that it no longer results in

1 marked and severe functional limitations”
2 before the period.

3 (2) EFFECTIVE DATE.—The amendments made
4 by this subsection are effective upon enactment.

5 (d) EFFECTIVE DATE; REGULATIONS; APPLICATION
6 TO CURRENT RECIPIENTS.—

7 (1) IN GENERAL.—Except where otherwise
8 specified, subsections (a) and (b) apply to applica-
9 tions filed on or after the date of the enactment of
10 this Act, without regard to whether implementing
11 regulations have been issued.

12 (2) REGULATIONS.—The Commissioner of So-
13 cial Security shall issue regulations implementing
14 subsections (a), (b), and (c).

15 (3) APPLICATION TO CURRENT RECIPIENTS.—

16 (A) ELIGIBILITY DETERMINATIONS.—Be-
17 ginning on January 1, 1997, and ending not
18 later than January 1, 1998, the Commissioner
19 of Social Security shall redetermine the eligi-
20 bility of any individual under age 18 who is eli-
21 gible for supplemental security income benefits
22 based on a disability under title XVI of the So-
23 cial Security Act as of the date of the enact-
24 ment of this Act and whose eligibility for such
25 benefits may terminate by reason of subsections

1 (a) or (b) of this section. With respect to any
2 redetermination under this subparagraph—

3 (i) section 1614(a)(4) of the Social
4 Security Act (42 U.S.C. 1382c(a)(4)) shall
5 not apply;

6 (ii) the Commissioner of Social Secu-
7 rity shall apply the eligibility criteria for
8 new applicants for benefits under title XVI
9 of such Act ;

10 (iii) the Commissioner shall give such
11 redetermination priority over all continuing
12 eligibility reviews and other reviews under
13 such title; and

14 (iv) such redetermination shall be
15 counted as a review or redetermination
16 otherwise required to be made under sec-
17 tion 208 of the Social Security Independ-
18 ence and Program Improvements Act of
19 1994 or any other provision of title XVI of
20 the Social Security Act.

21 (B) GRANDFATHER PROVISION.—Sub-
22 sections (a) and (b) of this section and the re-
23 determination under subparagraph (A) of this
24 paragraph only apply with respect to the bene-
25 fits of an individual described in subparagraph

1 (A) for months beginning on or after January
2 1, 1998.

3 (C) NOTICE.—Not later than January 1,
4 1997, the Commissioner of Social Security shall
5 notify an individual described in subparagraph
6 (A) of the provisions of this paragraph.

7 **SEC. 502. ELIGIBILITY REDETERMINATIONS AND CONTINU-**
8 **ING DISABILITY REVIEWS.**

9 (a) CONTINUING DISABILITY REVIEWS RELATING TO
10 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.
11 1382c(a)(3)(H)), as so redesignated by section 501(a)(3)
12 of this Act, is amended—

13 (1) by inserting “(i)” after “(H)”; and

14 (2) by adding at the end the following new
15 clause:

16 “(ii)(I) Not less frequently than once
17 every 3 years, the Commissioner shall re-
18 view in accordance with paragraph (4) the
19 continued eligibility for benefits under this
20 title of each individual who has not at-
21 tained 18 years of age and is eligible for
22 such benefits by reason of an impairment
23 (or combination of impairments) which
24 may improve (or, which is unlikely to im-
25 prove, at the option of the Commissioner).

1 “(II) A parent or guardian of a recipi-
2 ent whose case is reviewed under this
3 clause shall present, at the time of review,
4 evidence demonstrating that the recipient
5 is, and has been, receiving treatment, to
6 the extent considered medically necessary
7 and available, of the condition which was
8 the basis for providing benefits under this
9 title.”.

10 (b) DISABILITY ELIGIBILITY REDETERMINATIONS
11 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS
12 OF AGE.—

13 (1) IN GENERAL.—Section 1614(a)(3)(H) (42
14 U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-
15 tion 501(a)(3) of this Act and as amended by sub-
16 section (a) of this section, is amended by adding at
17 the end the following new clause:

18 “(iii) If an individual is eligible for
19 benefits under this title by reason of dis-
20 ability for the month preceding the month
21 in which the individual attains the age of
22 18 years, the Commissioner shall redeter-
23 mine such eligibility—

1 “(I) during the 1-year period be-
2 ginning on the individual’s 18th birth-
3 day; and

4 “(II) by applying the criteria
5 used in determining the initial eligi-
6 bility for applicants who have attained
7 the age of 18 years.

8 With respect to a redetermination under
9 this clause, paragraph (4) shall not apply
10 and such redetermination shall be consid-
11 ered a substitute for a review or redeter-
12 mination otherwise required under any
13 other provision of this subparagraph dur-
14 ing that 1-year period.”.

15 (2) CONFORMING REPEAL.—Section 207 of the
16 Social Security Independence and Program Improve-
17 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
18 1516) is repealed.

19 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR
20 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)
21 (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section
22 501(a)(3) of this Act and as amended by subsections (a)
23 and (b) of this section, is amended by adding at the end
24 the following new clause:

1 “(iv)(I) Not later than 12 months
2 after the first month of eligibility based on
3 an application of an individual for benefits
4 under this title, the Commissioner shall re-
5 view in accordance with paragraph (4) the
6 continuing eligibility for benefits by reason
7 of disability of such individual whose low
8 birth weight is a contributing factor mate-
9 rial to the Commissioner’s determination
10 that the individual is disabled.

11 “(II) A review under subclause (I)
12 shall be considered a substitute for a re-
13 view otherwise required under any other
14 provision of this subparagraph during that
15 12-month period.

16 “(III) A parent or guardian of a re-
17 cipient whose case is reviewed under this
18 clause shall present, at the time of review,
19 evidence demonstrating that the recipient
20 is, and has been, receiving treatment, to
21 the extent considered medically necessary
22 and available, for the condition which was
23 the basis for providing benefits under this
24 title.”.

1 (d) **EFFECTIVE DATE.**—The amendments made by
2 this section apply to benefits for months beginning on or
3 after the date of the enactment of this Act, without regard
4 to whether regulations have been issued to implement such
5 amendments.

6 **SEC. 503. DEDICATED SAVINGS ACCOUNTS.**

7 (a) **IN GENERAL.**—Section 1631(a)(2)(B) (42 U.S.C.
8 1383(a)(2)(B)) is amended by adding at the end the fol-
9 lowing:

10 “(xiv) A representative payee may pay
11 any lump sum payment equal to or greater
12 than 6 times the Federal benefit rate for
13 the benefit of a child into a dedicated sav-
14 ings account that must only be used to
15 purchase for such child, or an individual
16 for whom such an account was established
17 prior to his attainment of age 18,—

18 “(I) education and job skills
19 training;

20 “(II) special equipment or hous-
21 ing modifications or both specifically
22 related to, and required by the nature
23 of, the child’s disability; and

24 “(III) appropriate therapy and
25 rehabilitation.”.

1 (b) EXCLUSION OF DEDICATED SAVINGS AC-
2 COUNTS.—

3 (1) Section 1613(a) (42 U.S.C. 1382b(a)) is
4 amended—

5 (A) by striking “and” at the end of para-
6 graph (10),

7 (B) by striking the period at the end of
8 paragraph (11) and inserting “; and”, and

9 (C) by inserting after paragraph (11) the
10 following:

11 “(12) the initial and any subsequent lump sum
12 payment deposited in, or interest credited to, a dedi-
13 cated savings account described in section
14 1631(a)(2)(B)(xiv), so long as such monies are being
15 used for a purpose listed in that section.”.

16 (2) Section 1612(b) (42 U.S.C. 1382a(b)) is
17 amended:

18 (A) by striking “and” at the end of para-
19 graph (19),

20 (B) by striking the period at the end of
21 paragraph (20) and inserting thereafter “and”,
22 and

23 (C) by inserting after paragraph (20) the
24 following new paragraph:

1 “(21) interest earned on a dedicated savings ac-
 2 count as described in section 1631(a)(2)(B)(xiv) so
 3 long as monies in such account are used for a pur-
 4 pose listed in such section.”.

5 (c) PENALTIES FOR MISUSE OF FUNDS.—Knowing
 6 and willful use of funds in a dedicated savings account
 7 by the representative payee for any purpose other than
 8 those listed in subsection (a) constitutes fraud and is sub-
 9 ject to penalties under section 1632.

10 (d) EFFECTIVE DATE.—The amendments made by
 11 this section apply to payments made after the date of en-
 12 actment of this Act.

13 **SEC. 504. DENIAL OF SSI BENEFITS BY REASON OF DISABIL-**
 14 **ITY TO DRUG ADDICTS AND ALCOHOLICS.**

15 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.
 16 1382c(a)(3)), as amended by section 501(a)(3) of this Act,
 17 is amended by adding at the end the following:

18 “(J) Notwithstanding subparagraph (A),
 19 an individual shall not be considered to be dis-
 20 abled for purposes of this title if alcoholism or
 21 drug addiction would (but for this subpara-
 22 graph) be a contributing factor material to the
 23 Commissioner’s determination that the individ-
 24 ual is disabled.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 1611(e) (42 U.S.C. 1382(e)) is
2 amended by striking paragraph (3).

3 (2) Section 1631(a)(2)(A)(ii) (42 U.S.C.
4 1383(a)(2)(A)(ii)) is amended—

5 (A) by striking “(I)”; and

6 (B) by striking subclause (II).

7 (3) Section 1631(a)(2)(B) (42 U.S.C.
8 1383(a)(2)(B)) is amended—

9 (A) by striking clause (vii);

10 (B) in clause (viii), by striking “(ix)” and
11 inserting “(viii)”;

12 (C) in clause (ix)—

13 (i) in subclause (I), by striking
14 “(viii)” and inserting “(vii)”; and

15 (ii) in subclause (II),

16 (I) by striking the comma after
17 “incompetent” and inserting “or”;
18 and

19 (II) by striking all that follows
20 “15 years” and inserting a period;

21 (D) in clause (xiii)—

22 (i) by striking “(xii)” and inserting
23 “(xi)”; and

24 (ii) by striking “(xi)” and inserting
25 “(x)”; and

1 (E) by redesignating clauses (viii) through
2 (xiv) as clauses (vii) through (xiii), respectively.

3 (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.
4 1383(a)(2)(D)(i)(II)) is amended by striking all that
5 follows “\$25.00 per month” and inserting a period.

6 (5) Section 1634 (42 U.S.C. 1383e) is amended
7 by striking subsection (e).

8 (6) Section 201(c)(1) of the Social Security
9 Independence and Program Improvements Act of
10 1994 (42 U.S.C. 425 note) is amended—

11 (A) by striking “—” and all that follows
12 through “(A)” the 1st place such term appears;

13 (B) by striking “and” the 3rd place such
14 term appears;

15 (C) by striking subparagraph (B);

16 (D) by striking “either subparagraph (A)
17 or subparagraph (B)” and inserting “the pre-
18 ceding sentence”; and

19 (E) by striking “subparagraph (A) or (B)”
20 and inserting “the preceding sentence”.

21 (c) EFFECTIVE DATE.—

22 (1) The amendments made by this section apply
23 to applications filed on or after the date of the en-
24 actment of this Act, without regard to whether regu-

1 lations have been issued to implement such amend-
2 ments.

3 (2) APPLICATION AND NOTICE TO CURRENT RE-
4 CIPIENTS.—Notwithstanding any other provision of
5 law, in the case of an individual who is eligible for
6 supplemental security income benefits under title
7 XVI of the Social Security Act as of the date of the
8 enactment of this Act and whose eligibility for such
9 benefits would terminate by reason of the amend-
10 ments made by this section, such amendments shall
11 apply with respect to the benefits of such individual
12 for months beginning on or after January 1, 1997,
13 and the Commissioner of Social Security shall so no-
14 tify the individual not later than 90 days after the
15 date of the enactment of this Act. As used in the
16 preceding sentence, the phrase “supplemental secu-
17 rity income benefits under title XVI” includes sup-
18 plementary payments pursuant to an agreement for
19 Federal administration under section 1616(a) of the
20 Social Security Act and payments pursuant to an
21 agreement for Federal administration under section
22 212(b) of Public Law 93–66.

23 (d) SUPPLEMENTAL FUNDING FOR ALCOHOL AND
24 SUBSTANCE ABUSE TREATMENT PROGRAMS.—

1 (1) IN GENERAL.—Out of any money in the
2 Treasury not otherwise appropriated, there are here-
3 by appropriated to supplement State and Tribal pro-
4 grams funded under section 1933 of the Public
5 Health Service Act (42 U.S.C. 300x-33),
6 \$50,000,000 for each of the fiscal years 1997 and
7 1998.

8 (2) ADDITIONAL FUNDS.—Amounts appro-
9 priated under paragraph (1) shall be in addition to
10 any funds otherwise appropriated for allotments
11 under section 1933 of the Public Health Service Act
12 (42 U.S.C. 300x-33) and shall be allocated pursuant
13 to that section.

14 (3) USE OF FUNDS.—A State or Tribal govern-
15 ment receiving an allotment under this subsection
16 shall consider as priorities, for purposes of expend-
17 ing funds allotted under this subsection, activities
18 relating to the treatment of the abuse of alcohol and
19 other drugs.

1 **SEC. 505. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY**
2 **MISREPRESENTED RESIDENCE IN ORDER TO**
3 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**
4 **MORE STATES.**

6 Section 1632 (42 U.S.C. 1383a) is amended by adding at the end the following:

8 “(c)(1) If any individual is convicted of fraudulently
9 misrepresenting residence in order to obtain benefits simultaneously in two or more States, then the court may,
10 in addition to all other penalties provided by law, impose
11 a penalty that an individual shall not be considered an
12 eligible individual for purposes of this title during the 10-
13 year period beginning on the date the individual is found
14 by a State to have made, or is convicted in Federal or
15 State court of having made, a fraudulent statement or representation with respect to the place of residence of the
16 individual in order to receive benefits simultaneously from
17 2 or more States under programs that are funded under
18 part A of title IV, or title XIX of this Act, the consolidated
19 program of food assistance under title III of the Work
20 First and Personal Responsibility Act of 1996, or the
21 Food Stamp Act of 1977 (as in effect before the effective
22 date of title III of the Work First and Personal Responsibility Act of 1996), or benefits in 2 or more States under

1 the supplemental security income program under title XVI
2 of this Act.

3 “(2) As soon as practicable after an additional pen-
4 alty has, pursuant to paragraph (1), been imposed with
5 respect to any individual, an official of a court making
6 such imposition shall notify the Commissioner of such im-
7 position.

8 “(3) If any individual with respect to whom an addi-
9 tional penalty has been imposed pursuant to paragraph
10 (1) is granted a pardon by the President of the United
11 States, such additional penalty shall not apply for any
12 month beginning after the date on which such pardon was
13 granted.”.

14 **SEC. 506. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
15 **AND PROBATION AND PAROLE VIOLATORS.**

16 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.
17 1382(e)), as amended by section 504(b)(1) of this Act,
18 is amended by inserting after paragraph (2) the following:

19 “(3) A court of law may, in addition to all other
20 penalties provided by law, impose on the individual
21 ineligibility for benefits under this title with respect
22 to any month if, throughout the month, the person
23 is—

24 “(A) fleeing custody or confinement after
25 conviction, under the laws of the place from

1 which the person flees, for a crime which is a
2 felony under the laws of the place from which
3 the person flees, or which, in the case of the
4 State of New Jersey, is a high misdemeanor
5 under the laws of such State; or

6 “(B) violating a condition of probation or
7 parole imposed under Federal or State law.

8 “(4) As soon as practicable after the additional
9 penalty has been imposed pursuant to paragraph (3)
10 with respect to any individual, an official of the
11 court making such imposition shall notify the Com-
12 missioner of such imposition.”.

13 (b) EXCHANGE OF INFORMATION WITH LAW EN-
14 FORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C.
15 1383(e)) is amended by inserting after paragraph (3) the
16 following:

17 “(4) Notwithstanding any other provision of
18 law (other than section 6103 of the Internal Reve-
19 nue Code of 1986), the Commissioner shall furnish
20 any Federal, State, or local law enforcement agency,
21 upon the written request of the head of the agency,
22 with the current address of any recipient of benefits
23 under this title, if the agency furnishes the Commis-
24 sioner with the name of the recipient, and other
25 identifying information as required by the Commis-

1 sioner reasonably to establish the unique identity of
2 the recipient, and a statement from a court of com-
3 petent jurisdiction and notifies the Commissioner
4 that the recipient—

5 “(A) has been found by a court of com-
6 petent jurisdiction to be fleeing to avoid pros-
7 ecution, or custody or confinement after convic-
8 tion, under the laws of the place from which the
9 person flees, for a crime, or an attempt to com-
10 mit a crime, which is a felony under the laws
11 of the place from which the person flees, or
12 which, in the case of the State of New Jersey,
13 is a high misdemeanor under the laws of such
14 State; or

15 “(B) has been found by a court of com-
16 petent jurisdiction to be violating a condition of
17 probation or parole imposed for a crime as in
18 (A) above under Federal or State law.”.

1 **SEC. 507. ALLOWANCE UNDER THE DISCRETIONARY**
2 **SPENDING LIMITS FOR INCREASED EXPENDI-**
3 **TURES FOR CONTINUING DISABILITY RE-**
4 **VIEWS AND DISABILITY ELIGIBILITY RE-**
5 **DETERMINATIONS.**

6 (a) Section 251(b)(2) of the Balanced Budget and
7 Emergency Deficit Control Act of 1985 is amended by
8 adding the following new subparagraph:

9 “(H) CONTINUING DISABILITY REVIEWS
10 AND DISABILITY ELIGIBILITY REDETERMINA-
11 TIONS.—

12 “(i) When an appropriations Act is
13 enacted for fiscal year 1996, 1997, 1998,
14 1999, 2000, 2001, or 2002 that specifies,
15 under the heading “Limitation on Admin-
16 istrative Expenses” for the Social Security
17 Administration, an amount for expenses
18 for continuing disability reviews or disabil-
19 ity eligibility redeterminations conducted
20 pursuant to section 221(i) of the Social Se-
21 curity Act (42 U.S.C. 421(i)), section
22 1614(a)(3)(H) of the Social Security Act
23 (42 U.S.C. 1382c(a)(3)(H)), section 1633
24 of the Social Security Act (42 U.S.C.
25 1383b), or section 208 of the Social Secu-
26 rity Independence and Program Improve-

ments Act of 1994 (Public Law 103–296),
to the extent that appropriations are enacted that provide new budget authority, provide additional obligations limitation, or result in additional outlays, the discretionary spending limits for that fiscal year under section 601(a)(2) of the Congressional Budget Act of 1974 shall be adjusted by the new budget authority and the additional outlays for that purpose, but shall not exceed the amounts set forth below—

“(I) for fiscal year 1996,
\$60,000,000 in new budget authority
and additional obligations limitation
and \$60,000,000 in additional outlays;

“(II) for fiscal year 1997,
\$260,000,000 in new budget authority
and additional obligations limitation
and \$250,000,000 in additional outlays;

“(III) for fiscal year 1998,
\$475,000,000 in new budget authority
and additional obligations limitation

1 and \$460,000,000 in additional out-
2 lays;

3 “(IV) for fiscal year 1999,
4 \$715,000,000 in new budget authority
5 and additional obligations limitation
6 and \$700,000,000 in additional out-
7 lays;

8 “(V) for fiscal year 2000,
9 \$760,000,000 in new budget authority
10 and additional obligations limitation
11 and \$760,000,000 in outlays;

12 “(VI) for fiscal year 2001,
13 \$715,000,000 in new budget authority
14 and additional obligations limitation
15 and \$715,000,000 in outlays;

16 “(VII) for fiscal year 2002,
17 \$665,000,000 in new budget authority
18 and additional obligations limitation
19 and \$665,000,000 in outlays;

20 “(ii) As used in this subparagraph—

21 “(I) the term ‘new budget au-
22 thority’ shall mean budget authority,
23 in any fiscal year, in excess of \$100
24 million;

1 “(II) the term ‘additional obliga-
2 tions limitation’ shall mean obliga-
3 tions limitation, in any fiscal year, in
4 excess of \$100 million; and

5 “(III) the term ‘additional out-
6 lays’ shall mean outlays, in any fiscal
7 year, in excess of \$200 million.”.

8 (b) Section 606 of the Congressional Budget and Im-
9 poundment Control Act of 1974 is amended by adding the
10 following new subsection:

11 “(e) DISABILITY REVIEW AND ELIGIBILITY REDE-
12 TERMINATION ADJUSTMENT.—

13 “(1) For purposes of points of order under this
14 Act and concurrent resolutions on the budget, when
15 the Appropriations Committee reports an appropria-
16 tions measure for fiscal year 1996, 1997, 1998,
17 1999, 2000, 2001, or 2002 that specifies, under the
18 heading ‘Limitation on Administrative Expenses’ for
19 the Social Security Administration, an amount for
20 expenses for continuing disability reviews or disabili-
21 ty eligibility redeterminations pursuant to section
22 221(i) of the Social Security Act (42 U.S.C. 421(i)),
23 section 1614(a)(3)(H) of the Social Security Act (42
24 U.S.C. 1382c(a)(3)(H)), section 1633 of the Social
25 Security Act (42 U.S.C. 1383b), or section 208 of

1 the Social Security Independence and Program Im-
2 provements Act of 1994 (Public Law 103–296), or
3 when a conference committee submits a conference
4 report thereon—

5 “(A) the discretionary spending limits for
6 that fiscal year—

7 “(i) under section 601(a)(2), or

8 “(ii) as set forth in the most recently
9 adopted concurrent resolution on the budg-
10 et;

11 “(B) the allocations to the Committee on
12 Appropriations of the Senate and the House for
13 that fiscal year under sections 302(a) and
14 602(a); and

15 “(C) the appropriate budgetary aggregates
16 for that fiscal year in the most recently adopted
17 concurrent resolution on the budget shall be ad-
18 justed in accordance with paragraph (2).

19 “(2) ADJUSTMENT OF BUDGETARY LEVELS.—

20 The adjustments required by paragraph (1) shall be
21 made by the Chairman of the Committee on the
22 Budget of the Senate or the House of Representa-
23 tives (as the case may be) and shall reflect the new
24 budget authority and the additional outlays for con-
25 tinuing disability reviews and disability eligibility re-

1 determinations provided in that measure or con-
2 ference report, but shall not exceed the levels set
3 forth in section 251(b)(2)(H) of the Balanced Budg-
4 et and Emergency Deficit Control Act of 1985, for
5 any year. These adjusted discretionary spending lim-
6 its, allocations, and aggregates shall be considered
7 the appropriate limits, allocations, and aggregates
8 for purposes of congressional enforcement of this
9 Act and concurrent budget resolutions under this
10 Act.

11 “(3) REPORTING REVISED SUBALLOCATIONS.—
12 Following the adjustments made under paragraph
13 (2), the Committees on Appropriations of the Senate
14 and the House of Representatives may report appro-
15 priately revised suballocations pursuant to sections
16 302(b) and 602(b) of this Act to carry out this sub-
17 section.

18 “(4) ADDITIONAL AMOUNTS.—As used in this
19 section, the term ‘new budget authority’ shall mean
20 budget authority for a fiscal year in excess of \$100
21 million, and the term ‘additional outlays’ shall mean
22 outlays for a fiscal year in excess of \$200 million.”.

1 **SEC. 508. INSTALLMENT PAYMENT OF LARGE PAST-DUE**
2 **SUPPLEMENTAL SECURITY INCOME BENE-**
3 **FITS.**

4 (a) IN GENERAL.—Section 1631(a) is amended by
5 adding at the end a new paragraph as follows:

6 “(10)(A) If an individual is eligible for past-due
7 monthly benefits under this title (which includes, for
8 purposes of this paragraph, State supplementary
9 payments made by the Commissioner pursuant to an
10 agreement under section 1616 (a) of this title or sec-
11 tion 212(b) of Public Law 93–66) in an amount that
12 (after any withholding for reimbursement to a State
13 for interim assistance under subsection (g)) equals
14 or exceeds the product of—

15 “(i) twelve, and

16 “(ii) the maximum monthly benefit payable
17 under this title to an eligible individual (or, if
18 appropriate, to an eligible individual and eligible
19 spouse), then the payment of such past-due
20 benefits (after any such reimbursement to a
21 State) shall be made in installments as provided
22 in subparagraph (B).

23 “(B)(i) The payment of past-due benefits sub-
24 ject to this subparagraph shall be made in not to ex-
25 ceed three installments that are made at six-month
26 intervals.

1 “(ii) Except as provided in clause (iii), the
2 amount of each of the first and second installments
3 may not exceed an amount equal to the product of
4 clauses (i) and (ii) of subparagraph (A).

5 “(iii) In the case of an individual who has—

6 “(I) outstanding debt attributable to—

7 “(aa) food,

8 “(bb) clothing,

9 “(cc) shelter, or

10 “(dd) medically necessary services,
11 supplies or equipment, or medicine; or

12 “(II) current expenses or expenses antici-
13 pated in the near term attributable to—

14 “(aa) medically necessary services,
15 supplies or equipment, or medicine, or

16 “(bb) the purchase of a home, and
17 such debt or expenses are not subject to
18 reimbursement by a public assistance pro-
19 gram, the Secretary of Health and Human
20 Services under title XVIII, a State plan
21 approved under title XIX, or any private
22 entity legally liable to provide payment
23 pursuant to an insurance policy, pre-paid
24 plan, or other arrangement, the limitation
25 specified in clause (ii) may be exceeded by

1 an amount equal to the total of such debt
2 and expenses.

3 “(C) This paragraph shall not apply to any in-
4 dividual who, at the time of the Commissioner’s de-
5 termination that such individual is eligible for the
6 payment of past-due monthly benefits under this
7 title—

8 “(i) is afflicted with a medically determina-
9 ble impairment that is expected to result in
10 death within twelve months; or

11 “(ii) is ineligible for benefits under this
12 title and the Commissioner determines that
13 such individual is likely to remain ineligible for
14 the next 12 months.”.

15 (b) CONFORMING AMENDMENT.—Section 1631(a)(1)
16 is amended by inserting “(subject to paragraph (10))” be-
17 fore “in such installments”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section are effective with respect to past-due benefits
20 payable under title XVI of the Social Security Act (includ-
21 ing State supplementary payments made by the Commis-
22 sioner of Social Security pursuant to an agreement under
23 section 1616(a) of such Act or section 212(b) of Public
24 Law 93–66) after the third month following the month
25 in which this Act is enacted.

1 **SEC. 509. RECOVERY OF SUPPLEMENTAL SECURITY IN-**
2 **COME OVERPAYMENTS FROM SOCIAL SECU-**
3 **RITY BENEFITS.**

4 (a) IN GENERAL.—Title XI is amended by adding
5 after section 1145 (as added by section 401 and amended
6 by section 402 of this Act) a new section as follows:

7 **“SEC. 1146. RECOVERY OF SSI OVERPAYMENTS FROM SO-**
8 **CIAL SECURITY BENEFITS.**

9 “(a) IN GENERAL.—Whenever the Commissioner of
10 Social Security determines that more than the correct
11 amount of any payment has been made to any person
12 under the supplemental security income program author-
13 ized by title XVI of this Act (which includes, for purposes
14 of this section, State supplementary payments which are
15 made by the Commissioner under an agreement pursuant
16 to section 1616(a) of this Act or section 212(b) of Public
17 Law 93–66), and the Commissioner is unable to make
18 proper adjustment or recovery of the amount so incor-
19 rectly paid as provided in section 1631(b) of this Act, the
20 Commissioner (notwithstanding section 207 of this Act)
21 may recover the amount incorrectly paid by decreasing any
22 amount which is payable under the Federal Old-Age and
23 Survivors Insurance program or the Federal Disability In-
24 surance program authorized by title II of this Act to that
25 person or his estate.

1 “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR
2 AMOUNT.—Notwithstanding sections 1611 (a) and (b) of
3 this Act, in any case in which the Commissioner takes ac-
4 tion in accordance with subsection (a) to recover an over-
5 payment from any person, neither that person, nor any
6 individual whose eligibility or benefit amount is deter-
7 mined by considering any part of that person’s income,
8 shall, as a result of such action—

9 “(1) become eligible under the program of sup-
10 plemental security income benefits under title XVI
11 of this Act, or

12 “(2) if such person or individual is already so
13 eligible, become eligible for increased benefits there-
14 under.”.

15 (b) CONFORMING CHANGES.—

16 (1) Section 204 is amended by adding at the
17 end a new subsection as follows:

18 “(g) For payments which are adjusted or withheld
19 to recover an overpayment of supplemental security in-
20 come benefits paid under title XVI of this Act (including
21 State supplementary payments which were paid under an
22 agreement pursuant to section 1616(a) of this Act or sec-
23 tion 212(b) of Public Law 93–66), see section 1146.”.

24 (2) Section 1631(b) is amended by adding at
25 the end a new paragraph as follows:

1 “(5) For the recovery of overpayments of bene-
2 fits under this title from benefits payable under title
3 II, see section 1146.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section take effect upon the date of the enactment
6 of this Act and shall apply to overpayments outstanding
7 on or after such date.

8 **SEC. 510. ALLOWANCE UNDER THE DISCRETIONARY**
9 **SPENDING LIMITS FOR ADMINISTRATIVE EX-**
10 **PENSES TO IMPLEMENT CHANGES TO SUP-**
11 **PLEMENTAL SECURITY INCOME PROGRAM.**

12 (a) Section 251(b)(2) of the Balanced Budget and
13 Emergency Deficit Control Act of 1985, as amended by
14 section 507 of this Act, is further amended by adding at
15 the end the following new subparagraph:

16 “(I) ADMINISTRATIVE EXPENSES TO IM-
17 PLEMENT REFORMS TO SUPPLEMENTAL SECU-
18 RITY INCOME PROGRAM MADE BY THE WORK
19 FIRST AND PERSONAL RESPONSIBILITY ACT OF
20 1996.—When an appropriations Act is enacted
21 for fiscal year 1996, 1997, or 1998 that speci-
22 fies, under the heading ‘Limitation on Adminis-
23 trative Expenses’ for the Social Security Ad-
24 ministration, an amount for expenses to imple-
25 ment reforms to the supplemental security in-

1 come program made by the Work First and
2 Personal Responsibility Act of 1996, to the ex-
3 tent that appropriations are enacted that pro-
4 vide budget authority and result in outlays, the
5 discretionary spending limits for that fiscal year
6 under section 601(a)(2) of the Congressional
7 Budget Act of 1974 shall be adjusted by the
8 budget authority and the outlays for that pur-
9 pose, but shall not exceed the amounts set forth
10 below—

11 “(i) for fiscal year 1996, \$50,000,000
12 in budget authority and \$47,000,000 in
13 outlays;

14 “(ii) for fiscal year 1997,
15 \$250,000,000 in budget authority and
16 \$238,000,000 in outlays;

17 “(iii) for fiscal year 1998, \$0 in budg-
18 et authority and \$15,000,000 in outlays.”.

19 (b) Section 606 of the Congressional Budget and Im-
20 poundment Control Act of 1974 is amended by adding the
21 following new subsection:

22 “(f) ADMINISTRATIVE EXPENSES TO IMPLEMENT
23 REFORMS TO SUPPLEMENTAL SECURITY INCOME PRO-
24 GRAM ADJUSTMENT.—

1 “(1) For purposes of points of order under this
2 Act and concurrent resolutions on the budget, when
3 the Appropriations Committee reports an appropria-
4 tions measure for fiscal year 1996, 1997, or 1998
5 that specifies, under the heading ‘Limitation on Ad-
6 ministrative Expenses’ for the Social Security Ad-
7 ministration, an amount for expenses to implement
8 reforms to the supplemental security income pro-
9 gram made by the Work First and Personal Respon-
10 sibility Act of 1996, or when a conference committee
11 submits a conference report thereon,—

12 “(A) the discretionary spending limits for
13 that fiscal year—

14 “(i) under section 601(a)(2), or

15 “(ii) as set forth in the most recently
16 adopted concurrent resolution on the budg-
17 et;

18 “(B) the allocations to the Committee on
19 Appropriations of the Senate and the House for
20 that fiscal year under sections 302(a) and
21 602(a); and

22 “(C) the appropriate budgetary aggregates
23 for that fiscal year in the most recently adopted
24 concurrent resolution on the budget shall be ad-
25 justed in accordance with paragraph (2).

1 “(2) ADJUSTMENT OF BUDGETARY LEVELS.—

2 The adjustments required by paragraph (1) shall be
3 made by the Chairman of the Committee on the
4 Budget of the Senate or the House of Representa-
5 tives (as the case may be) and shall reflect the budg-
6 et authority and the outlays for expenses to imple-
7 ment reforms to the supplemental security income
8 program made by the Work First and Personal Re-
9 sponsibility Act of 1996 provided in that measure or
10 conference report, but shall not exceed the levels set
11 forth in section 251(b)(2)(I) of the Balanced Budget
12 and Emergency Deficit Control Act of 1985, for any
13 year. These adjusted discretionary spending limits,
14 allocations, and aggregates shall be considered the
15 appropriate limits, allocations, and aggregates for
16 purposes of congressional enforcement of this Act
17 and concurrent budget resolutions under this Act.

18 “(3) REPORTING REVISED SUBALLOCATIONS.—

19 Following the adjustments made under paragraph
20 (2), the Committees on Appropriations of the Senate
21 and the House of Representatives may report appro-
22 priately revised suballocations pursuant to sections
23 302(b) and 602(b) of this Act to carry out this sub-
24 section.”.

1 **SEC. 511. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**
2 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**
3 **ICAL COSTS ARE COVERED BY PRIVATE IN-**
4 **SURANCE.**

5 (a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C.
6 1382(e)(1)(B)) is amended—

7 (1) by striking “or” after “XIX,”; and

8 (2) by inserting “or, in the case of an eligible
9 individual under the age of 18 receiving payments
10 (with respect to such individual) under any health
11 insurance policy issued by a private provider of such
12 insurance” after “section 1614(f)(2)(B),”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section apply to benefits for months beginning 90 or
15 more days after the date of the enactment of this Act,
16 without regard to whether regulations have been issued
17 to implement such amendments.

18 **TITLE F—SOCIAL SERVICES**
19 **BLOCK GRANTS**

20 **SEC. 601. REDUCTION IN TITLE XX BLOCK GRANTS TO**
21 **STATES FOR SOCIAL SERVICES.**

22 Section 2003(c) of the Social Security Act (42 U.S.C.
23 1397b(c)) is amended—

24 (1) by striking “and” at the end of paragraph
25 (4);

1 (2) in paragraph (5), by striking “fiscal year
2 after fiscal year 1989.” and inserting “of fiscal
3 years 1990 through 1995;”; and

4 (3) by adding at the end the following:

5 “(6) \$2,730,000,000 for fiscal year 1996; and

6 (7) \$2,520,000,000 for fiscal year 1997 and
7 each succeeding fiscal year.”.

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